

**REPORT ON PROCEEDINGS BEFORE**

**GENERAL PURPOSE STANDING COMMITTEE NO. 5**

**COMMERCIAL FISHING IN NEW SOUTH WALES**

**CORRECTED PROOF**

**At Jubilee Room, Parliament House, Sydney on Monday, 19 December 2016**

**The Committee met at 9:00 am**

**PRESENT**

The Hon. R. Brown (Chair)

The Hon. R. Colless

Mr J. Field

The Hon. J. Graham

The Hon. G. Pearce

The Hon Dr P. Phelps

The Hon. M. Veitch



**NIALL BLAIR**, Minister for Primary Industries

**SCOTT HANSEN**, Director General, Department of Primary Industries, on former oath

**The CHAIR:** Welcome to the third hearing of the inquiry into commercial fishing. The inquiry is examining the economic, social, and cultural impacts of reforms to the regulation of commercial fishing in New South Wales. I acknowledge the Gadigal people, who are the traditional owners of this land. I also pay respect to the elders of the Eora nation past and present and extend that respect to other Aboriginals present. I will make a few brief comments about the hearing. The hearing will be webcast and the transcripts will be placed on the web when they are available. The Committee resolved this morning to ask that answers to questions on notice be provided within 18 days instead of 21 days. Is that acceptable?

**The Hon. NIALL BLAIR:** Yes.

**The CHAIR:** Everyone understands that adverse mention will not be tolerated. I ask everyone to switch off their mobile phones or to put them on silent. Minister, you have already sworn an oath to office, so you do not need to be sworn. Mr Hansen, you were sworn at the last hearing. I acknowledge that the Government has provided members of the Committee with a host of answers to supplementary questions. Thank you for that. I also understand that you have been following these proceedings fairly closely, so you should be able to address most of the issues raised without necessarily being asked each and every question. This hearing is being held in an environment of cooperation and collaboration. The Committee wants to get the right answers so that the Government and the people's representatives do the minimum damage to the minimum number of people and provide the maximum benefit to the maximum number of people. I assure everyone that there will be no aggressive politicking today. Minister, would you like to make a brief opening statement?

**The Hon. NIALL BLAIR:** I am grateful for the opportunity to appear before the Committee today and to offer my full and frank views on the state of the commercial fishing industry. In doing so, I will resist the temptation to say that the industry is at a crossroads because we have been at a similar crossroads before. However, regrettably, on each of those occasions politics has intervened and the easiest pathway has been taken. Clearly, this is an industry that has been let down by previous governments and previous fisheries Ministers. However, we should make no mistake that the industry has also been let down by its representatives. We all know that in calling for this inquiry those industry representatives have seen it not as a way of improving the reform process but as a way of stopping it.

The Committee has heard and will hear many people say what is wrong with the current reform process. Earlier this year I spent a couple of weeks travelling up and down the coast listening to hundreds of fishers, so I have a good understanding of these problems. Since then, we have continued to listen and to respond accordingly. However, with great respect to everybody who has appeared before the Committee, telling us what is wrong with the current system reforms is the easy bit. The hardest bit, which ultimately falls to me as the current and hopefully the future fisheries Minister, is to fix it. That is why I was heartened to hear the Chair's acknowledgment on a number of occasions last week that the reforms must proceed.

Despite what some industry participants and commentators have said, this reform is not some ideological attempt to reduce the number of fishers in the industry. On the contrary, it is part of my personal commitment to provide certainty and sustainability to the industry. With certainty and sustainability the industry will finally be able to talk with one coherent voice and begin to address the other looming issues it faces: the need for innovation; the threat of future lockouts; establishment of a long-lasting social licence; and, most importantly, continuing to supply fresh local seafood to an increasingly demanding customer base.

As members know, this reform is incredibly complex. It is easy to lose sight of the overall purpose of the reform. This process will put value into the fishers' rights to harvest a public resource; give fishers a more secure tenure; increase business viability; provide better environmental controls; reduce red tape; and secure the future supplies of fresh local seafood. These outcomes are important because since the gross over-allocation of shares in 2007 anyone with the minimum number of shares in a fishery has been able to take as many fish as they want. A good example to illustrate the problems is what happens on the Myall River. Every month a ballot takes place for the use of set prawning pockets. There are approximately 160 prawning shareholders in this area, and approximately 30 fishers usually contest the ballot. As good quantities of prawns have been caught in recent years, the number of fishers entering the ballot has expanded rapidly.

At some ballots the number has ballooned to 90 or more fishers. Because shares provide fishers with access only, there is no way to share the resource viably or to ascribe any real value to the shares. In the past, governments have managed this by imposing onerous regulation on the industry, which has made it as inefficient as possible. We have regulations on net size, boat size, how many hooks you can have a line, where

you cannot fish, where you can fish, the number, size and marking for traps, and much more. For example, an Estuary General prawn fisher in the Manning River using a haul net has three pages of regulations telling him how and how not to use the net. Fishers using exactly the same net in Wallis Lake have a different three-page regulation with different requirements. These regulations are tying fishers in knots. In fact, the regulations for the Manning River specify that fishers cannot have knots or tangles in their nets. Presumably they can in Wallis Lake. If we have to tell a fisher how to use a prawn net and to avoid knots and tangles, then I would suggest that that person should not be fishing. This is no way to empower an industry to grow and innovate.

"Business as usual" is not an option. The easy option would be to do nothing and to let the New South Wales commercial fishing industry continue to slide slowly towards self-destruction. Another option would be to hand over ongoing responsibility and accountability for the reforms to this Committee and its recommendations. But this problem was created by government over the decades, so this Government is going to do the right thing. We are delivering what numerous previous governments have said they would do, what numerous experts have advised us to do, and what a significant number of fishers—and I must note we are not being intimidated into silence by opponents—hope that we do.

We are going to link effort and catch to shares. We are going to free this industry from the antiquated input control mechanisms that stymie growth and development, that erode confidence and investment, and which are robbing the fishing community of a future. These share linkages will be an important tool to support future decision-making as we continue to share the resource amongst the three main users: commercial, recreational and Aboriginal. We will help the New South Wales commercial fishing industry maximise the value from sustainable access to the State's natural fisheries resource.

The Chair noted that I have been following the inquiry and I wish to clarify the Government's position on a number of things that could be misunderstood throughout the inquiry. Firstly, we are not trying to get rid of smaller operators. We see them as playing a vital role in the future of the industry. In most cases, if you are a small operator, you only need to make a small investment in shares, if required at all. We are not trying to deprive fishers of being able to diversify. We see diversification as important for many fishers and for the resource. We are not trying to get rid of active fishers. There is no target number of 500 fishers or any target number at all, irrespective of what some unnamed bureaucrat may have told someone at some unspecified time. We are determined to remove the inactive effort for the good of those who depend on this industry for their livelihoods.

We are not asking people to buy their jobs back. We want to reduce inactive shares and we are asking fishers to invest for the future in a new industry, helped by substantial government subsidies where, in the future, they know exactly how much they can catch each year. We are confident that \$16 million will be enough to subsidise the program. This is underpinned by modelling by Richard Stevens in 2007 and the Structural Adjustment Review Committee in 2015. We cannot buy out the latent method first. Without a linkage to catch or effort, nothing would stop fishers using the buyout funds to purchase their other fishing businesses, which is just repeating the mistakes of past buyouts. It has not worked before and it will not work now. Smaller fishers will not be outbid by larger fishers.

The subsidised trading market will only subsidise active fishers. Once a minimum bid for a share class is reached, all fishers will pay the same price for shares. Available shares will be allocated not on the basis of the highest bid but on the basis of need, providing shares to those active fishers who need them most. Catch history must be distributed in respect to those shares already issued, taking into account the legal right of the current share of the current holders. Catch history does not legally entitle one to a proportion of the resource. That is the primary issue with the current system. In acknowledgment of catch history, active fishers will be prioritised in the subsidised share market. Only they can receive the \$16 million subsidy to buy shares.

Finally, the Government is listening to the concerns of fishers. We have introduced a raft of changes in response to what industry has told us. For example, in response to claims of systematic under-reporting, we increased the Interim Total Commercial Access Level [ITCAL] where investigation by the Department of Primary Industry [DPI] supported these claims. In response to calls for more certainty, we extended the ITCAL arrangements to 2024. Originally that was to go only to 2019. We also ensured records of shares transferred during the fishing business buyout phase will be retained for the Independent Allocation Panel [IAP] and can consider the fishing activity of a cancelled business, if it chooses to do so.

In response to claims of unintended timing issues, we have brought forward some linkage arrangements in the Ocean Hauling and Estuary General fisheries to enable the use of unendorsed crew and extra traps if shares are held. In response to contamination around Williamstown, we suspended the linkage arrangements for the Estuary Prawn Trawl—Hunter. And, most importantly, we are genuinely participating in this inquiry to ensure there is no stone left unturned.

Despite the many divisions in this industry, I have always tried to take a collaborative approach and respond to industry concerns. I have listened intently to the hearings and have read the transcripts of this inquiry and note with interest the matters that this inquiry has raised. There are some salient points that have stood out for me. Firstly, concerns around the fact that the Interim Total Commercial Access Levels are set until 2024. This announcement was made in response to stakeholder feedback in order to ensure that there was as much certainty as possible for those investing in the market. However, the New South Wales Government would consider expediting the formation of working groups reporting to a commercial fishery advisory council for different fisheries that could recommend that the ITCALs be reviewed sooner, as required.

Secondly, in regard to issues around compliance and offenders being treated too leniently, the Government would consider favourably any recommendation for penalties for repeat offenders in New South Wales commercial fisheries. I would be interested to hear the Committee's views as to a penalty demerit point system or a suspension process. I would also welcome recommendations that make it harder to sell black market products. Tags have worked well for products such as lobster and could also work for product such as mud crabs.

The hardship that people are experiencing and the possibility of further assistance upon the completion of the subsidised trading markets is another issue that has been raised. This includes specific challenges facing Aboriginal commercial fishers. I have said that on completion of the market we would anticipate that any anomalies could be worked out on a case-by-case basis. I would be interested to hear the Committee's thoughts in this regard, particularly how to ensure that this would not detract from the participation or distort the outcome of the proposed market. Regarding the possibility of having this process introduced in stages, although it would be incredibly problematic to stage minimum shareholdings over a number of years because of the interconnectedness of the industry and prior investment, we can certainly look at other ways we may be able to phase in some aspects to allow people more time to plan and adjust.

In response to questions about management arrangements for many of the linkages, we know that fishers are busy this time of year making the most of the holiday prices, but I am pleased to announce that early in the new year we will be calling for expressions of interest for the Commercial Fishing Advisory Council [CommFish NSW], to increase engagement between government and the people that these reforms affect. This will be linked with calls for expressions of interest for working groups which, along with CommFish, will examine the specific management arrangements under the new share linkage regime. We will soon be releasing a number of discussion papers that will be assigned to these groups to consider and provide advice to government.

The need for fishers to have someone with a greater advocacy role has also been something that has arisen. This is something that we will be exploring with the Small Business Commissioner and could involve a member of her team being specifically dedicated to facilitating discussions with fishers having difficulties getting their questions answered through this process and also efficiency measures that make it simpler, quicker and cheaper for industry. I have heard from many fishers that the catch recording systems have been less than effective. I would welcome insights into measurements such as on-line catch and effort reporting which will mean less paperwork for industry and real-time reporting which will also help stock assessment and compliance efforts.

I will consider any advice provided by the Committee. However, I must urge the Committee, in turn, to hear the comments that have been made about the extreme frustration and anxiety to industry at the moment, being primarily due to uncertainty. Further delay will only compound mental and financial stress, particularly for the many fishers who have already invested in the open market, with 20 per cent of total shareholdings changing hands since May this year. We have seen in the past that unsustainable things go on far too long and then they fail catastrophically. It has happened with fish stocks in the past and housing markets are another good example of this.

The need to take a step forward clearly resonated last Monday and Wednesday. Mr Malcolm Poole said, "This reform has been in the pipeline for decades and we need it now." Ms Kate Barclay said, "You need to finish this and move on with certainty." Mr Robert Gauta said, "We are where we are, we can't unwind this." Mr Brian Skepper said, "The restructure must proceed." Mr Bob Kearney said, "The reforms should go ahead." Mr Ian Cartwright said, "Arrangements are untenable, New South Wales fisheries are very vulnerable and without reform I really worry fishing communities will go under." And Mr Nick Raynes said, "We have had great results in the Commonwealth."

I understand that change is hard and I understand these are big changes. That is the point, this is a once-in-a-lifetime reform. While I am Minister for Primary Industries, I refuse to let the opportunity to make things better for fishers, fish stocks and seafood customers pass me by. Following this hearing I would like to provide a

supplementary submission that will tie up any loose ends and questions raised throughout the hearings by the witnesses. I hope this will aid the Committee in its deliberations on this complex policy area.

In conclusion, I assure members here this morning that we will thoroughly consider each recommendation you make. Accordingly, I urge the Committee not to cherry pick different recommendations from different submissions in order to satisfy various stakeholders, which will end up muddying the waters. A clear set of cohesive recommendations will allow us to make improvements promptly and put the industry on a better footing for thriving into the future. The industry is crying out for clear direction from the Government and the Parliament. I acknowledge that improvements can always be made and I look forward to receiving the Committee's interim recommendations in January.

**The CHAIR:** Before questions commence, let us get a few things straight. Today is the second time I have been verballed. The first time was via a memorandum sent by the Professional Fishing Association and the second time is by you Minister. I am one vote in a committee of seven members. My views were expressed because I did not want this Committee to be seen to be responsible for, shall I say, people making decisions that might affect their viability or their futures. What I did say, and I have been misquoted, is that this Committee does not command or instruct the Government.

This Committee will make recommendations to the Government which the Government may or may not adopt. We have asked for questions on notice to be answered in 18 days because we are struggling and will struggle to meet the deadline to give you and the Government some idea by mid-January of where the Committee's recommendations might be going. All that has been done to facilitate getting any recommendations we may make on the table as early as we can. When we come to writing a report it is always called the Chair's report. I do not and have never interfered too much in the writing of that report. That report will be written by the Committee secretariat based on the facts presented before us. That Chair's report may well say that the Committee recommends that the reforms proceed.

What then happens is that we go into a deliberative and the Committee will address that report and decide whether it supports or does not support the Chair's report and the outcome will be a majority vote if there are contentious issues. There is an opportunity for dissenting reports to be put. In this Committee I have had dissenting reports from all sides, and we may come to that again. This morning before you came in, I discussed with the Committee what our objectives are. Our objectives are to get this started as quickly and cleanly as we can—not because it is a "quick and dirty, do what the Government says inquiry"; it is not. It is to make sure we have surety in the industry as quickly as we can. I personally agree with you, Minister, that this has gone on far too long. It will be the deliberations of all the members of this Committee that go into those recommendations, not merely Robert Brown's ideas.

**The Hon. MICK VEITCH:** Thank you for the submission and your time today, Minister. I take it from your opening comments there have been many submissions and many in the industry saying we should stop the reform process. It is clear from your opening comments that it is not an option the Government will look at?

**The Hon. NIALL BLAIR:** Firstly, can I say happy birthday. You look good for 60. I think what has been clear is that there are a lot of people—and that has come from submissions and evidence—that are saying we need to get on with it. It has been dragging on for too long. I believe we are at a stage that when we look at the amount of shares since May that have changed hands within the market, there are many in the industry that have adjusted already and many waiting for the \$16 million subsidy to adjust. I believe if we were to stop the reform now we would be in a worse situation than we are presently.

I acknowledged in my statement that the change is difficult, the change is hard, but it is necessary to have an industry going into the future. There are businesses that have invested in the last few months. For us to turn around and not proceed will put those fishers at a disadvantage. Fishers are saying there are shares that are changing hands at prices they have never seen before. That is because we have put value into those shares by the announcement of the linkages. We need to continue with the process but we need to do so in a way that is responsive to the concerns of individual businesses and in a way that is responsive to the concerns of industry. That is something we have done to date; we have made changes along the way because of the direct feedback. That is what I have committed to. We will hear and have heard what has been brought forward to the Committee and we will continue that engagement as we go through the process.

**The CHAIR:** Would you be prepared to table your opening statement to assist Hansard?

**The Hon. NIALL BLAIR:** Absolutely.

**The Hon. MICK VEITCH:** The next step down from stopping the reforms is to hit the pause button whilst we are undergoing this process. From your opening statement, that is not something you are going to do?

**The Hon. NIALL BLAIR:** What do you mean by "hit the pause button"?

**The Hon. MICK VEITCH:** Hit the pause button whilst the Committee undertakes this work.

**The Hon. NIALL BLAIR:** On everything? I mentioned in my statement that we have just concluded at least 11 discussion papers on specific issues and share classes. I have said that we are going to publicly advertise for the commercial fishing or CommFish. We are looking for working groups. Do you mean that we stop all of those as well or just the share trading component? Because that has not commenced.

**The Hon. MICK VEITCH:** I refer to the reform process you have put in place, whilst the Committee is undertaking its work, in case there are adjustments or modifications that arise because of the work of the Committee.

**The Hon. NIALL BLAIR:** The reform process is not just about the changing hands of shares. There are a number of reforms where we believe the industry cannot afford for us to pause. For example, the pulling together of working groups to look at specific issues in each of the share classes, and we want the industry speaking as one voice. They are things that must continue. The share trading will happen next year but we are mindful of the interim paper in January and the subsequent report the Committee will be handing down. We have been listening to the evidence so far. When you say "pause button", do you mean everything? Just hitting the pause button for everything is different to saying, "When are you going to do the share trading?" There are things here the fishers want and that will help the industry. Surely we should not be pausing those things, especially when we have support.

**The Hon. GREG PEARCE:** It might help the Committee if the Minister were able to give us the 11 working paper titles so we can see the issues being worked.

**The CHAIR:** Can you take that on notice?

**The Hon. NIALL BLAIR:** Yes.

**The Hon. MICK VEITCH:** There have been a range of things raised that relate to communication about the implementation and the reform process. Do you see some benefit to this Committee revisiting the reforms in 12 months for parliamentary scrutiny of the process?

**The Hon. NIALL BLAIR:** That is a decision of the Committee. I hope in 12 months time not only do we have an industry with a strong independent voice speaking on its behalf but we have the working groups or implementation groups that are raising specific issues about those areas. My view would be to see how that would go and then make a decision whether the Committee needs to revisit that at a later stage. One of the things that stood out for me during this process is the disjointedness of the industry. I have sat in a room with 10 people and had 15 different opinions put forward. The peak bodies cannot agree, they cannot agree amongst themselves. I think that in itself poses: Is the industry up for other challenges coming from other threats?

We heard the Australian Fishing Trade Association [AFTA] talking the other day about the sort of numbers they have as an industry and we have seen a government in Victoria that bought out the whole commercial fishing fleet because of the pressure from the recreational sector. The industry needs to be strong enough to speak on its own and in a way that is addressing the issues collectively. With respect to those who have been involved to date, they have spent so much time arguing against each other that they do not have a collective voice to be able to even prosecute what their major issues or concerns are. Mr Hansen wants to add something.

**Mr HANSEN:** In relation to the question back with regards to the pause and the delay, I want to add one bit to what the Minister said. There are a lot of different elements in this. One of those elements is obviously the turning on of the linkages. We have had a lot of fishers who have made investments in preparation for those linkages to be turned on, in anticipation that they start to see some of the benefits that come from switching from an input control to that output control. So delaying that continues to delay the opportunity for them to actually see any benefits out of that investment in those shares at this point in time. That is just another factor that we need to keep in account when we are trying to weigh up the pros and cons of deals and pauses.

**The Hon. MICK VEITCH:** Minister, last week we heard from members of a co-op about their respective concerns. Today we are going to hear from the General Manager of the Clarence River Fishermen's Co-operative about their concerns as to the impact of these reforms on the co-ops up and down the coast. In your opening address, you also spoke about the small fishers. I have also been travelling up and down the coast talking to a whole range of fishers, and the ones who have had the most impact on me are the small-to-medium, family-run organisations—and we are going to hear of two of those today. They cannot get the money they need.

The Committee has received a submission today that says they do need to borrow money and they cannot get access to the finance to buy those shares. Indeed, the Committee will be exploring that with those witnesses today. Minister, I know you have said that you do not want the small fishers to go and that they have a role, but I do not want to be sitting here in two months time and say that we have lost those small fishers and the co-ops. I would like to hear what you are going to put in place to make sure that that does not happen.

**The Hon. NIAL BLAIR:** Can I start with the co-ops, because I genuinely think that they are an important asset right up and down the coastline? I have said before that the default setting—if you are like me and you grow up in the country and you go to the coast for your holidays, the default setting should be that you go to the co-op for the freshest and the best local seafood product. We have seen some co-ops that have been very good at diversifying their businesses and they have added restaurants and fuel services and things like that on the way through. I think having a business model for the co-ops that looks at diversity and how they move forward is important, and that is why we have put \$30,000 to each of the co-ops for a business plan to look at that issue.

Most of the co-ops are on Crown lands and we understand that if fishers choose to exit the industry and take the buyout that will mean in most cases the co-ops will have to pay a dividend out to those fishers. We know that could be a significant impact on those co-ops. That is why we have given the co-ops that are on Crown land a two-year rent holiday. Now in some cases that is hundreds of thousands of dollars for those co-ops. This is outside of the \$16 million. There is another \$3.8 million worth of measures that we have been able to apply that are outside of the \$16 million. The \$16 million is to buy businesses or subsidised shares only. So when we talk about retraining for fishers or we talk about other measures like the rent holiday, that is on top of that.

Some of the biggest concerns that some of the fishers have raised are the costs that they believe will be put onto their businesses. We have done some analysis on the information that we have and we genuinely think in some cases—and I am not saying all—fishers may have misinterpreted what that figure may mean for their business. One of the reasons why we have provided a voucher for fishers to get independent financial advice is to make sure that they do not come up with incorrect calculations. This is largely based on three areas. Firstly, when we have spoken to some fishers about their analysis and some of the public-facing figures we have seen, for example, we have seen in the media some fishers saying they need a million dollars.

When we looked at the numbers that we have though—we cannot go and rebut this publicly because we are dealing with private information—it is clear that some are using 365 days as their figure, rather than looking at how many days they actually need to catch the level they have been fishing at. Secondly, they have been looking at what the shares are advertised for on the market, not what they are selling for or not what the final subsidised rate may be but what people are asking for those shares. So in some cases they have taken the highest possible number, multiplied it by 365 and come up with that figure. The other thing they are not applying is the fact that if they are an active fisher we will subsidise their share purchases.

Now I know that this is an issue that we have to continue to work with those fishers to explain what the numbers are. But, unfortunately, the only way we can do that is through the actual market process. What we will need to do is to make sure that fishers, number one, participate, because the shares will change hands not at the advertised price or not the price the person is asking for; the market itself is a leveller and it will bring it down to a realistic price. Then if they are an active fisher we will step in and subsidise them to potentially purchase all or some of their shares. If we go through that process and there are people who are still suffering hardship or are concerned about their predicament, we will be looking and working with those fishers. As I have mentioned, we have spoken to the Small Business Commissioner.

In relation to access to funds, we have underwritten the loans. We have said to fishers, "We will use your shares as security and provide low-interest rate loans of up to \$80,000 as well." I have met nominated fishers—that is, someone who is leasing a fishing business who wants to be a fisherman. There was no pathway for them to own their own business. For the first time in this State we are underwriting some of those fishers. Young people who are getting up and working hard can now access low-interest rate loans with us and buy their own business for the first time. The banks would not touch them because the shares had no value, but we see the value in the shares going forward. So we will continue to work with those fishers. There will be a role for the Small Business Commissioner. I am sorry for taking up too much time but the Director General might add to this because he has spoken to the Commissioner directly.

**Mr HANSEN:** This is a complicated reform process. There is nothing in this that is homogenous in terms of one size fits all. With all the measures that have been put in place, we are reasonably comfortable that when we get down to the number of fishers who might have unique circumstances that put them outside of the parameters that have been set, the safety nets or the sort of triggers that are there, for them to have an



independent voice to go to we saw as an important piece. That is especially given the deterioration in relationships between our fisheries officers and the commercial fishing industry, which is largely due to the fact that the main topic of conversation in each of their gatherings is: Should this reform occur or not occur? For us to be able to bring in an independent voice in the Small Business Commissioner we see as an important factor and we see it playing a role to provide an independent set of eyes to ensure that we are not missing something in those individual business cases that we should take into account.

**The CHAIR:** Minister, if the scheme commences on 30 January, a number—it might be one-half, one-third, two-thirds, three-quarters; we do not quite know—will go bang and away they go but you have already suggested there will be people who will fall outside the safety net. I take it that they will be the last ones to be dealt with because they will need individual customisation of the arrangements between the Government and them to make sure that they continue. What is happening on 1 July? What will happen to the smaller fishers who need customisation and who will take the most time to resolve their problems? Will they be left with no business and no ability to earn their weekly wages? Do you foresee that situation? Forget about the people who will be okay and who will continue with their business. Whether it is 10 or 100 smaller fishers, what is the timeline to sort that out? What end date do you see for all of the fishers to be out or to be in? Will it take six months, a year, or the week after 1 July?

**The Hon. NIALL BLAIR:** First, we have not announced when we are doing the share trading itself. Again, it may take a number of rounds to complete that.

**The CHAIR:** That is important.

**The Hon. NIALL BLAIR:** By fishers registering and participating in that process and with a number of rounds, we will have the ability to work with them. The structural adjustment is only one aspect; it does not mean that trading stops and shares can never be traded again. In different share classes there will be different time lines for things being switched on and off. The first point is to go through the subsidised share trading process. That puts the fisher into the system and allows us to determine whether they are an active fisher or a non-active fisher. They can then participate and hopefully gather the shares they want to dispose of or purchase. That does not answer the question about the end date because, as I said, even if we go through the subsidised program and identify someone at the other end who has, for want of a better term, slipped through the net, we still have the ability to work with that fisher.

Again, it is not as though shares can never be traded. We could potentially target specific shares and a range of other things to work with that fisher. I stress that I am not ruling it out, but I am not a big fan of the Government buying shares. I want to put the money into the hands of those who need to buy the shares from those who want to sell them. People ask why the State Government does not simply buy the latent effort. We are, but we are giving the money to the active fishers to buy them off on the latent fishers. I see risks where governments buy, but there may be extenuating circumstances where we may need to enter the market. However, that is something the Government would do only with the appropriate advice and probity measures.

**The CHAIR:** And legal advice.

**The Hon. NIALL BLAIR:** Yes.

**The CHAIR:** I do not want to put words in your mouth, Minister, but you appear to be saying that the Government will ensure that everybody is treated somehow and to varying degrees—some people will get subsidies and some will take low-interest loans. You made about 10 points in your opening statement that appear to indicate what the Government sees as recommendations to be put on the table. That is great. All I want you to put on the record is that you will work with the fishers having the biggest trouble, who cannot get money from the bank, and who cannot see past the financial advice they have been given by independent experts. I want you to say that you will work with them until all avenues are exhausted—either they decide they cannot go on in which case they will be bought out, or they will be helped to continue their businesses.

**The Hon. NIALL BLAIR:** We have more than 1,100 individual case studies because no two fishing businesses are the same. We set up a system that is tailored to work with each of the businesses and to look at their specific history and needs.

**The CHAIR:** Who is physically working with those fishers? Is it your department, Treasury or an independent group?

**The Hon. NIALL BLAIR:** This is the key, and I was about to get to that point. The success of our work with the fishers ultimately relies on the fishers engaging with us and the process. That is the difficult part because there has been an erosion of trust in the Department of Primary Industries. We have set up a hotline for fishers, we have spoken about engaging the Small Business Commissioner as an independent voice to work with

them, and we have provided money for them to get their own independent advice. We will work with those who want to work with us. We have even brought in personnel from other departments to work on this. The Committee met Mr Macpherson last week. He has moved from Crown Lands into Fisheries for this project. He was involved in the tour that I and the Director General undertook up and down the coast.

**The CHAIR:** Is he the project manager?

**The Hon. NIALL BLAIR:** Yes. He is not someone who has had a history with fishers. We thought it was important that we brought in a clear thinker to oversee the project who knew enough about what we were doing but who also did not have history with these difficult issues.

**Mr HANSEN:** In a nutshell, we will have a range of solutions tailored and targeted to those who get out at the end of the process who have actively tried to participate in the process.

**The CHAIR:** I can see the Hon. Dr Peter Phelps going pale at the suggestion that the Government would stand in the market. However, it may very well be that the Government will need to skew the market. Subject to legal advice and other advice, I hope that you would not discount that option if necessary, but it appears that you have not.

**The Hon. NIALL BLAIR:** As I said, I think the preferred option is for us not to be in the market. I do not know that we would skew the market. We will look at it as we go through.

**Mr JUSTIN FIELD:** There was some discussion about whether it would be appropriate to purchase shares that might then be available to Indigenous communities to set up fishing businesses or to support existing fishing businesses to operate post the reform environment. Would you consider purchasing shares to offer to Aboriginal fishers under whatever model is appropriate?

**The Hon. NIALL BLAIR:** We have set up an Aboriginal commercial fishing trust. That is potentially different from the Government entering the market. I have great hope in it entering the market to provide shares that continue to be worked with the industry. The Government may contribute some money to that.

**Mr JUSTIN FIELD:** Will it be up and running in time for them to participate in the subsidised round or in the current share purchase process?

**The Hon. NIALL BLAIR:** That depends on when we do the subsidised round. We included provisions to allow for that when we did the amendments to the Fisheries Management Act. We need to set up the overseeing body and governance arrangements. I have also had discussions about this with Senator Nigel Scullion. I know that you are interested in cultural fishing. We believe that to progress the issue of cultural fishing we must remove the blurring of what is cultural fishing and what is fishing for commercial purposes under the guise of cultural fishing. We believe that an Aboriginal fishing trust has the ability to do that.

**Mr HANSEN:** The critical issue is it being in place in time for the subsidised business system program. Given that it will not have been an active fisher, it will not be eligible for a subsidy. It could be trading before, after or during without really needing to be linked to that time line.

**Mr JUSTIN FIELD:** In some of the fisheries, access to particular types of shares is going to be very difficult and the price is going to increase markedly. So it is going to increase the cost of the trust if it does not get tacked together in time, sooner rather than later. There does seem to be an issue with diversification though. A number of fishers have told us that to hold minimum shareholdings in the classes that they need to be able to operate, diversify and to work with the seasons and the changing dynamics of the estuaries in particular. The concern is that the fishers will specialise and they will inevitably hit the stocks harder in the areas in which they have had to specialise. Do you have a response to those concerns?

**The Hon. NIALL BLAIR:** Firstly, this is one of the challenges. People have said to me, "You just need to give an allocation based on catch history". When we started looking at just providing allocation and catch history, we were then faced with many fishers who said, "Hang on a minute, I am not latent, I am diverse. And because I have had maybe a slime event in a particular area or prices have been good in one share class or stock or we have had a run on particular species, I have not fished some of my shares in other classes for some time. Therefore, I am showing up on the department's spreadsheet as latent, but I am diverse." We acknowledge that. So that is why when we looked at that, one of the biggest challenges for me was: How do we reflect their diversification and catch history? That is why we came up with the fact that if you are an active fisher, we will subsidise the shares that they need. And that is why we set the cash history at the kilo rate for some of those businesses that are diverse.

**Mr JUSTIN FIELD:** One of the elements of the reforms is about making the businesses more viable. If people are forced to specialise because they either cannot afford to diversify or there is only so much one can

do with one's time, there is no point in sitting on shares that are not being used after these reforms go through, to a large degree. What happens then if they do hit a resource harder? The stock assessments inevitably then drive discussions around quota and allocation of shares at that point, it gets squeezed down and we find out that we do not have viable businesses at the end because we have had to cut the quota available to those shares.

**The Hon. NIALL BLAIR:** In a moment I will pass to the Director General but first I will say that if we do have quota, then the chance of us hitting those stocks harder is mitigated. That would be a theory that would be right at the moment if we were forcing diverse businesses just to say you can only do one share class but there were no quotas attached to it. Then they would all be hitting that very hard because they would not be having the diversification and they would be concentrating in one stock. But because we have quota, and that is the whole reason for this, we know that the quota that we are issuing would be sustainable. The other thing is that a fisher may want to continue that diversity, however, they may also lease that quota out for a season or a particular area. One thing that we are doing here is we are allowing different options for the fishers. This is one thing we do know as well, that they may hold multiple classes and multiple shares but they can only go and fish maybe one or two at a time. They may have the option to be able to lease some of that out to someone else.

**Mr HANSEN:** The ultimate change here, as you have said, you would not just sit on shares for the sake of sitting on shares post the reform. Therefore, there will have to be an active consideration for each fisher about what diversification option they want to maintain and release shares that they do not want to include in that risk management diversification option, much like any other business does in terms of working out where they want to invest their money to provide them with the best risk mitigation and the best alternative options.

**Mr JUSTIN FIELD:** We have heard evidence that the reforms generally, particularly in Estuary generally and other spaces where different finfish get caught through one method, that this will lead to wastage and dumping, particularly if there are quotas on mixed fishing activities. Do you have a response to that? I cannot imagine it is your intention to increase dumping as a result of the reforms.

**Mr HANSEN:** There is no value for anyone moving down that path. One of the key things for us is, as we move forward with implementation, to continue to look to what has been the implementation stories of success out of other jurisdictions, whether it be Commonwealth or other States and other fisheries. They have moved to that quota-based or catch-based share-linked arrangements. Because obviously we are not the first jurisdiction to move down this path or the first jurisdiction to work its way through the question of: How does one then minimise the dumping of either bycatch or dumping of undersized to maximise the value of the quota take that they land? We are confident that that risk is able to be mitigated but it requires us to work hand in hand with the fishers and to look at the lessons from other jurisdictions to put in place the right implementation rules and tools in the reform finalisation and the starting periods.

**The Hon. NIALL BLAIR:** That is the key when we are talking about those working groups, working with the industry to come up with the answer to: Is one allowed to keep fish that one catches in traps or other species? They are the sorts of questions that we can work with those groups and talk about.

**Mr HANSEN:** I guess it comes back to the fact that at the moment the majority of time that we spend sitting in rooms with commercial fishers is spent debating whether there should be a reform or not and the sooner we move to the debate on how and the details around that how to maximise the outcomes that we will see, the better for everyone.

**Mr JUSTIN FIELD:** One could have this change to an output-based model come in and then be sitting down talking about what other input controls one has to put in place to manage the unintended consequences of that. That is the reality. It might not look as draconian as they are now but one could end up having a whole suite of input measures to manage those challenges.

**Mr HANSEN:** If there are additional input measures that need to be put in—and I agree it is highly unlikely that they would be as draconian as they are now—the key will be for us in setting them in partnership with the industry post that reform. Because they will have a greater desire to make sure that that shareholding that they now own and is linked to that right continues to be maximising its value, and that includes ensuring that the stocks are there to underpin the value of those shares.

**The Hon. NIALL BLAIR:** Part of that is innovation. I have been to New Zealand and had a look at some new net technology they are working with over there that is also bringing fish onto the trawlers live. Firstly, that then helps with the bycatch issues and the release of the unwanted species; there is a higher success rate. But we cannot even look at that here because we are telling them what nets to use. We cannot look at innovation in New South Wales because we are so proscriptive. There is certainly a path forward to try and address the concerns that have been raised about issues such as dumping and bycatch.

**Mr JUSTIN FIELD:** A lot of those considerations after reform are going to be built around the stock assessments though. We have heard conflicting reports about stock assessments. In answer to supplementary questions, you indicated annual resource assessments are done as part of the Status of Fisheries Resources report. There is also a Stock Assessments report. I think the last one publicly available was in 2009 and it was suggested a more recent one has been done in 2012 or 2013. Is there a difference between those two reports and the changes, as far as how stock assessments are done to be able to use that information in a much more detailed way in future, to determine quota, to determine the financial value of those shares? What are the changes, as far as stock assessments and the capacity of the department to undertake that work?

**Mr HANSEN:** Resource assessments are carried out annually and reported through the Status of Fisheries Resource reports. The most recent one publicly available is the one finishing in 2014. The 2014-15 report is being completed and will be available soon. In terms of the changes—and I think we spent some time on this a week ago with regards to the fact that the model and the system that we have been utilising for those stock assessments—we have had independently reviewed. That review has thrown up suggestions and modifications to the process and approach we take to provide more management-driven outcomes of those reports, as opposed to just status reports.

The report itself, the independent assessment we had, also pointed to the fact that it is hard to do that when you rely largely on input controls. The combination of these reforms with an improved stock assessment process will be required to give fishers and the community confidence in the settings we have in the output linkages. We are confident that by introducing the improved stock assessment process linked to the output linkages, rather than input, and with the right people in the right place, it will provide confidence to the commercial fishing industry and the community about sustainable fish stock going forward.

**The Hon. GREG PEARCE:** I was impressed with the analogies you used about knots and nets and so on. Looking at this, it is more like staring into a bucket of eels. As a general question, there has been a long history in terms of the reform. I am pleased that it is not going to end with the shares being reallocated and that you will set up the working groups, deal with the issues, continue to consult and work with the fishermen to get an advisory council going. In simple terms, what would you say is the assurance you can give to the community of New South Wales that this process has not been imposed by government or somebody who has come up with their idea of what reform should take place and that everybody has been given a fair go?

**The Hon. NIALL BLAIR:** The fact that it has been around for so long. The Coalition took it to the 2011 election to say that it would do this. This is not a set and forget or a crash through reform. I made the announcement that this is the way we were heading on 31 May and the fact that we made a number of changes along the way and still sit here is of concern to some in the industry. They are saying get on with it. We are still willing to look at other issues as we go through the process. It would have been easy to press a button, have the share trading done and people are either here or they are not.

At Williamstown, we knew that that was out of the control of us or the fishers, so we decided to suspend that. There are really good parts of the reform process for allowing unendorsed crew members and it made sense to me to start that now, so we did. The only assurance we can give is that we have been willing to listen. I grant that people still do not like what we are doing in some cases because they are opposed to the reform. We genuinely believe we are trying to make adjustments as we go that are to the benefit of the fishers. That is something that history has not delivered to them. Most decisions in this area by governments in the past have been against the fishers, not in their favour.

**The Hon. GREG PEARCE:** We heard there is quite a lot of confusion about diversified fishers who have not used effort for various periods for various reasons and the classifications of active and not active. You made it clear if you are an active fisherman in one category and you want to have a diversified business but were inactive you are able to trade into those.

**The Hon. NIALL BLAIR:** If they own shares they can buy extra shares or sell shares in those classes. If you have been active, we will subsidise your purchase of shares in the areas you have been active. That means there will be different set-ups for different businesses. Some will be active in some share classes and not active in the others. They may use the money to buy extras in this class or they may have to pay full freight for the ones they are inactive in. It is how they structure their own businesses.

**Mr HANSEN:** A key difference in this approach has been the fact that we want that to occur without government stepping in to buy the shares and working out who should be allocated the shares. We continue to think that the market, as imperfect as it can be at times, is the best place to enable the inactive fishers an opportunity to exit by selling through the subsidised process and enabling those shares to go directly into the hands of active fishers, who will be supported and subsidised to purchase those shares.

**The Hon. NIALL BLAIR:** When I was first presented with this reform as Minister, it looked to me that the person sitting in the pub for the last 10 years was going to get a windfall out of this because there would be \$16 million to buy shares off someone who had done no days fishing. That did not seem right to me. The person who did 200 days fishing is the one we should be looking after. That is why we have restructured how we are applying the \$16 million. It will put that in the hands of the person who fished 200 days and allow them to buy off the person, not at the top rate but at the market rate. I do not think that will be at the prices we are seeing now. That way we will get the shares into the hands of those that need them.

**Mr HANSEN:** That has added uncertainty because those fishers cannot see that level of support in a tangible number because the amount of \$16 million that will be needed and utilised to subsidise their share needs as an active fisher will not be known until we go through the market process. That creates a heightened level of uncertainty. Unfortunately, until we go through that process in the market there is no way to determine that.

**Mr JUSTIN FIELD:** Can an active fisher who currently holds the minimum shareholding in a class get subsidised to purchase more shares?

**Mr HANSEN:** They can; there is a cap and a limit as to how much they can buy in addition. Obviously the prioritisation will be for active fishers with a deficit in that share class over an active fisher who has no deficit and meets the minimum.

**Mr JUSTIN FIELD:** The process is able to prioritise one over the others?

**Mr HANSEN:** Yes.

**The Hon. NIALL BLAIR:** There are 1,100 case studies. We are applying that to each of the businesses to see how they are situated.

**The Hon. GREG PEARCE:** In your opening comments you address one of the issues, that is, offenders who continue to have licences and whether you should be enforcing whatever powers you have. The Committee has not heard anything that will allow us to give you anything meaningful on what penalties or suspension action should be taken. Should that be the subject of another working party, if it is not one that you have?

**The Hon. NIALL BLAIR:** It is something that I have heard before about the repeat offenders. It is something the department has been looking at. We may be able to come back in the supplementary submission about that. I mentioned a demerit system or a suspension. That is something we will come back to you on.

**The Hon. RICK COLLESS:** Minister, you mentioned in your opening statement about the knots and tangles in the trawl nets between various regions. Is part of the process to standardise the rules to remove that confusion across regions?

**The Hon. NIALL BLAIR:** Absolutely. That will reduce red tape in some cases. It has been described to me that what we have at the moment is how not to fish rather than just letting the fishers get on with it themselves. If we have to tell a fisher in three pages how to catch prawns, that is a system that is broken. We know it is broken when there are over 700 fishers in New South Wales that have had some sort of breach of the rules against their name. That does not tell me we have a good compliance framework because the number is up; it tells us that the system and the rules are not right. It is about coming up with a realistic parameter where the fishers can be efficient and do what they do using innovation and new ways rather than having to interpret a three-page manual as they are firing a net.

**Mr HANSEN:** Can I just say that it is not just the fisher that gets the opportunity to be more efficient in the process; the department also gets the unique opportunity to relook at how it does compliance and to try to be more efficient and therefore reduce costs to the sector as well. As you can imagine, three pages worth of regulations for nets as an input control is a lot more expensive to regulate and to ensure on water compliance than if you move that to measure an output. When this started back in 1995 and progressed forward, it was primarily focused at reform of the commercial fishing sector. It now gives us the unique opportunity for this to also be a trigger for reform of how we set ourselves up to be a better partner and to do compliance better as well.

**The Hon. RICK COLLESS:** Last week the Professional Fisherman's Association [PFA] gave evidence to this Committee that they had never been the peak body for the industry. They made the point that they only represent their members, not the whole industry. They made a suggestion that the industry does need a peak body in the true sense of the word. Do you see that there is a need for such a peak body? If so, how should it be established and how should it be structured?

**The Hon. NIALL BLAIR:** Is there a need? Absolutely. We have announced—this was already part of the whole process—having the Commercial Fishing Advisory Council (CommFish NSW) set-up, and we will be going out publicly for expressions there. If there ever was a need, I think the last two weeks have shown that. Even in the PFA constitution they have to have a consensus view. This is one area where the only consensus we can get is that we cannot agree.

**Mr HANSEN:** Obviously there is work going on at the moment, including the Minister's announcement earlier about the establishment of the ministerial advisory council, CommFish NSW, to provide advice. As I say, being relatively new to this world, the idea that an industry's peak advocacy group is needing to be established, funded and set up by government, I am still struggling to understand how effectively—you establish a group to provide advice and you will find if you looked across the history of many industries that wherever government tries to establish an advisory group or peak council the first unpopular decision spawns offshoots and spawns industry groups that oppose those decisions. Unless it is actually owned and driven by industry, they never merge back again. You end up constantly having a fracturing of industry where government, the very vehicle that is meant to be being lobbied and be the target and the subject of the work of a peak body for an industry, is also the supplier of the funds, the framework and the model. It is a very difficult way in which a peak body is established.

**The Hon. RICK COLLESS:** How were the Victorian, West Australian and Northern Territory seafood councils established? Were they established under that framework or by the industry itself?

**Mr HANSEN:** I would have to take that on notice. I do not know enough about the South Australian or the other State models. There are plenty of examples of other primary industry models in terms of peak councils, lobby groups and advocacy groups and, as you would be aware, not many of those are actually set up, established and run by government.

**The Hon. NIALL BLAIR:** The objective of CommFish NSW is for us to get advice from industry. That is separate probably from the lobbying role and if there ever was a need, as I have said, this is the time.

**The CHAIR:** Mr Hansen, when you take the question on notice could you also take account of the recreational fishing peak bodies and how they operate, such as VRFish, West Australian Fisheries and Sunfish Queensland?

**Mr HANSEN:** Yes.

**The Hon. RICK COLLESS:** My last question relates to the share issue. One of the concerns expressed to us last week was the potential for unscrupulous investors to get into the market, particularly if they were non-fishing investors. What sort of processes are in place to prevent that from occurring and to make sure that those fishers who need the shares are the only ones with access to them?

**The Hon. NIALL BLAIR:** The difficulty with some of these accusations is that they are sometimes being levelled by those who have themselves bought shares. So are they in the same category as the others who they say are gaming the system? You can only buy shares from a fisher who is willing to sell them, and that is the important thing that we need to consider here. There are many fishers, now that the shares are worth something, who are now getting more for those shares. When we go through the trading rounds we expect that there will be fishers who will need them who will be subsidised to buy those shares. Again, I find it very hard to distinguish between who is—we have been told that there are barons and people who are out there gobbling up shares. I do not where you draw that distinction because, as I have said, 20 per cent of shares have changed hands since May in the whole market. You have got to have a lot of different circumstances to say who is a baron and who is not. The other one, I think it would be a pretty courageous person who is gobbling up shares at the moment when they are at their highest price because of some of the panic selling and buying that is happening to then see a market that is not going to be cleared on the highest price but it will be a case of matching bids. I do not know that I would be speculating through that process if it were me.

**The Hon. RICK COLLESS:** Are non-fishing investors prevented from buying shares?

**Mr HANSEN:** Yes.

**The Hon. NIALL BLAIR:** They have got to have a fishing business to buy shares. They may not be fishing it, but they have still have to have a fishing business. That is the basket that you need to buy the shares.

**The Hon. JOHN GRAHAM:** I welcome your announcement about industry consultation. That certainly goes to one of the gaps that the Committee felt was in the process. Minister, you will have observed that a lot of the concern of this Committee is not necessarily for those fishers who are off and running, buying shares and ready to adjust; it is more, as the Deputy Chair, the Hon. Mick Veitch, has said, the small- and medium-sized fishers who are either struggling to stay in or weighing up getting out. The Committee has had

views put to it that although there is training in the package, some people are concerned about what they are to be trained for and that there may not be jobs if they leave the industry. I am interested in what you might have to say to those people?

**The Hon. NIALL BLAIR:** For those who choose to exit the industry, there is that \$10,000 training voucher, which is similar to what you have seen government provide across the board in other similar types of programs. The only thing I can say is if the jobs are there—granted, I do not think everyone is going to be an app designer or a barista—but with a State that had its triple-A credit rating confirmed last week and some of the infrastructure spend and projects that are going on around the State, there has probably never been a better time to be able to move into other industries. However, there is no doubt that for some people that will be a challenge.

**The Hon. JOHN GRAHAM:** The evidence from the co-ops was pretty direct that they are concerned, despite the assistance that has been acknowledged today, that they may still close under this plan. What would you say to them?

**The Hon. NIALL BLAIR:** Again, I think one of the things that we need to look at is the way that the co-ops themselves are structured up and down the coastline. There are co-ops that I have met with that will not even acknowledge that they are even considering or contemplating closing. There are co-ops in this State that are absolutely booming, and they are usually the ones that have some sort of diversity. There are co-ops in this State that wholly rely upon fishers who fish in Commonwealth waters that already have these linkages. So we again have put measures in place to assist those co-ops to look at how they are structured. But, again, I am not going to sit here and think that there will be some issues. I am sure you will hear about that from some of them.

**The Hon. JOHN GRAHAM:** We have heard about some commercial businesses who rely heavily on servicing or maintaining the commercial fishing operations and whose businesses will be impacted but who are not assisted. Is there anything you would like to put on the record in relation to that?

**The Hon. NIALL BLAIR:** I have heard from fishers who do not want to go through co-ops. We require anyone who wants to sell fish to have a fish receivers licence. I have had fishers tell me that we should be getting rid of that and that fishers should be able to sell directly to local restaurants.

**Mr HANSEN:** We continue to be happy to work alongside the co-ops down the coast. Part of the \$30,000 made available to them was to allow them to look at their business model and to think about their future state of business as a co-op and the opportunities in that space. We must bear in mind that, as the Minister said earlier, we do not have a target for reducing fishers. The only way that number will reduce is if those active fishers want to leave.

**The Hon. JOHN GRAHAM:** My questions go to the balance of the package. Minister, I accept what you have said about the reasons the Government has intervened in the way that it has. I am reasonably new to this process, but having seen other restructures, particularly in forestry, this appears to be an unusual way to intervene. Where previous restructures have happened, funds have been available to get out, to restructure, to support impacted businesses and the community, and guarantees have been provided for the sort of training you have mentioned and jobs. On the balance of this restructure, as you have moved in to support people buying shares, it sounds as though some of the small and medium players who are struggling to stay in or to get out might feel that there is not enough assistance and that the package needs rebalancing. If the Committee comes to a view about that, are you open to additional measures that may assist those workers, businesses and communities to be provided with different or additional assistance?

**The Hon. NIALL BLAIR:** I have said constantly that this is not a set-and-forget situation. We need the fishers to engage with the process so that we can identify those who may need independent or special consideration. We have put in place many things that did not exist. These are things that have been added to address those concerns since I was first appointed as the Minister. Some of the fishers' fears are the result of confusion and misunderstanding about how they have come up with the numbers. I hope that the advice I have provided proves that their concerns are unwarranted, but we will not know until we go through the process.

We have been able to pull some different levers in the Crown land space for those co-ops, such as the rent holiday. We are also looking at how we set up the licences. Earlier in the year we announced template lease arrangements for surf life saving groups. We are looking at doing similar things. We are bringing in other parts of government to support those businesses. Again, some of them also need to look at how they are structured. When a co-op says, "We limit our turnover so that we do not lose our co-op status for taxation reasons," as economists we must challenge whether they are making the right business decisions.

**Mr JUSTIN FIELD:** I refer again to consultation. An earlier report recommended that a peak body be set up, and the department tendered for a consultation contract. The Professional Fishermen's Association [PFA]

bid for it and then the process was shut down. I understand that there are consultation contracts in Western Australian, the Northern Territory and Victoria. There is a role for government to help fund these sorts of bodies. Do you agree? Would you try again to establish a consultation contract with the industry?

**Mr HANSEN:** As an enabler to bring parties together in the first instance there is a role, and that was a recommendation in one of the initial reports. We did go to the market. In giving evidence last week, the PFA said that it made a bid of about \$700,000 a year. Given the division still in the industry, irrespective of whether the Government is paying wages for someone to act as a central point, until we get past the question of whether the reform will happen—which is the dividing line between commercial fishers—we would be at risk of wasting taxpayer dollars. Given the evidence members have heard over the past week, do they believe all fishers would get behind such a body?

**Mr JUSTIN FIELD:** The idea that a peak body should arrive at a single position in an industry as diverse as this with fishers operating in diverse environments using different fishing practices is unreasonable. Surely the role of that group is to highlight the diversity in the industry. The suggestion seems to be that the body cannot be established because there is too much division. Maybe its role is to report the fact that some people will struggle as a result of reforms and some will do well. Like it or not, that is the position you will get from a body representing the fishers. It seems to me that you have an unreasonable expectation of the industry. We had witnesses from the federal peak recreational fishing body and sitting beside them was one of the biggest industry players who we know is providing funding to support tackle businesses. What industry body is there to support the commercial fishing industry? This is a shared resource. Government and local fishers are doing this on behalf of the public. Surely there is a role for the Government in supporting a body to represent them.

**The Hon. NIALL BLAIR:** That is what we have said we are doing. The difference is that when we went to market previously we did not receive value for money.

**Mr JUSTIN FIELD:** The report suggested the cost of establishing a body like that. Did it not specify a figure of about \$700,000 or \$750,000? There was no surprise that that was the figure.

**Mr HANSEN:** I will take that question on notice. The industry needs certainty about this reform process. To invest funds to establish a peak industry body for the commercial fishing sector on the eve of the culmination of 20 years of reform is probably a couple of months shy of where it should be.

**Mr JUSTIN FIELD:** You went out to the market, so there was an intention to do that at one point.

**Mr HANSEN:** Over the past 12 months many decisions have been amended and tailored in direct response to feedback from the one-on-one meetings with fishers up and down the coastline and meeting with co-ops. Even this morning we put suggested amendments and opportunities to change the implementation of a number of these things in response to feedback.

**Mr JUSTIN FIELD:** The Committee was given the example of crab fishers and the number of crabs or the weight of crabs they will be able bring to market next year based on minimum shareholdings being reduced by much more than half the number of mud crabs they can handle at the co-op. Who is buying the shares? Why can they not simply buy more shares so that they maintain their volumes? They are not available; they are being bought by investors who are not fishing in this area. How could a co-op possibly plan when the stock coming through its business is more than halved as a direct result of the reforms?

**Mr HANSEN:** Where are the buyers getting the shares?

**Mr JUSTIN FIELD:** None of the active fishers in that region are members of the co-op or holding the shares.

**The Hon. NIALL BLAIR:** No, but they are potentially ones that are selling them. In the example that you are giving, are there any of the fishers there that have sold their shares?

**Mr JUSTIN FIELD:** No, they want to hold more shares but they cannot buy shares. My argument is, clearly if the shares have been divided equally amongst all the shareholders, the same volume still sits out there in that particular region. They said, "None of the people that hold those shares are fishing. We will not be able to access the mud crabs", even to the tune of half of what they have previously accessed.

**Mr HANSEN:** We can talk in more detail about the specific co-op or the specifics. Until you know what transpires out of the subsidised trading round ultimately, as you said earlier on, you are not going to sit on shares post these reforms if you are not actively using them or earning an economic rent off them. Therefore, the idea that someone is buying them to tuck them away and to just stop others from using them, we are happy to take it on notice in terms of any specific details to give you an analysis.

**The CHAIR:** We may be able to explore that more in the in camera session.



**The Hon. Dr PETER PHELPS:** A couple of questions for Mr Hansen in particular. One of the recommendations talks about the possibility of falsification of landed catch records and makes a suggestion that, "The collection of data should be recorded as soon as the catch is landed. This should happen for all sectors, commercial and recreational fishers." What would be the cost and administrative implications of recording every landed catch of a recreational fisher in New South Wales?

**Mr HANSEN:** I would have to take that on notice. It would obviously be pretty significant.

**The Hon. Dr PETER PHELPS:** Would it be fair to say that it is administratively impossible and, even moving towards implementation, would be utterly economically impractical?

**Mr JUSTIN FIELD:** They do not need nil returns.

**The Hon. NIALL BLAIR:** It is probably for another day but there are other ways that we have been looking at how to encourage that sort of thing. It may be an incentive rather than a cost to fishers, such as a discount from fees if they were able to use online portals to record, which would help us with our stock assessments.

**The Hon. Dr PETER PHELPS:** But the suggestion of having Fisheries officers literally standing on the wharves waiting for any catch to be recorded—

**The Hon. NIALL BLAIR:** No, that is not what we envisage with that.

**The Hon. Dr PETER PHELPS:** Mr Hansen also mentioned the imperfection of markets. I will not go too much into detail but one of the important things about markets is that they require information. There have also been complaints about the shareholding register not being regularly updated. Could you outline whether it has been regularly updated and, given the importance to fishers of accurate data, where shareholdings actually lie and what is being done in that regard?

**Mr HANSEN:** It is regularly updated. The paper-based transfers that are processed by Fisheries staff are, at times, very complex. They involve multiple parties and multiple trades across multiple fisheries. Therefore, at times those trades can take a while to process. We have significantly increased our resourcing in this area to help accommodate the increase in trade volume that we have seen since May this year and going forward but they are regularly updated on the website. It is not live, as you would see in some other trading platforms, but that is because it is largely paper-based and it does require a lot of behind-the-scenes work with the seller and the buyer to make sure that we are completing the trades as efficiently but also as effectively as possible.

**The Hon. NIALL BLAIR:** This is one of the things that when we talk about shares that are traded, this is how we come up with the numbers and the percentages and that then goes live on the website—who owns what shares, roughly monthly. So if people were dubious about what was happening, we are publishing them each month and have done for a very long time.

**The Hon. Dr PETER PHELPS:** Is there any suggestion that once the system becomes bedded down it will be moving towards more regular updates via online transactions rather than paper-based transactions?

**Mr HANSEN:** That certainly would be our preference, but at the same time we need to ensure trading platforms that cater to a whole range of technologies, whether it be paper-based, assisted or electronic.

**The Hon. Dr PETER PHELPS:** There are also complaints about the Frequently Asked Questions page on the Department of Primary Industries [DPI] website that when new information is being put up it is not being recorded as new. For example, it is not flagged as new. Previously that apparently was being done. Is there any way of reintroducing that system or alternatively having a system where one actually has "What's new?" as a separate category heading on the appropriate page, so that one can find what is actually new, based on the last update?

**Mr HANSEN:** Yes, we will take that on board.

**The Hon. NIALL BLAIR:** That makes sense.

**The Hon. Dr PETER PHELPS:** The other thing I wanted to raise with the Minister, the Minister spoke about importance of diversity and cooperative. Surely the key component for financial success in the future in all primary industries is in fact value adding. The obvious example is the rice industry in New South Wales which operates on a single buyer market but offers significant value adding. Surely cooperatives that are struggling financially have to take advantage of value adding for their products.

**The Hon. NIALL BLAIR:** I saw a fantastic example of that in Auckland at the fish markets where not only are they trading but there were significant value added and filleting lines et cetera going on and meeting

an export demand for that product. I think anyone that has access to a natural resource, their competitive advantage about the product and also the location and if we expand the consumer base, both domestically and internationally, then it certainly opens up the opportunities to value add.

**The Hon. Dr PETER PHELPS:** But it is fair to say, without being too cruel, that those industries, and especially primary industries in New South Wales which think that they can do business like they did in the 1940s, 1950s or 1960s are facing the prospect of going out of business unless they change their ways.

**The Hon. NIALL BLAIR:** I think that we have a more informed customer at the moment. When we look at our natural resources, those that have been successful, and we see in some cases, I know there are some fishers that participate in the Master Fishermen's program who are using Quick Response [QR] codes to tell about provenance, about their back story. I am amazed when I look at parallels to industries such as the aquaculture industry. I know that an informed customer can order a dozen oysters in Asia and have them delivered within 24 hours and they open up the box and can see who grew the oysters, their story and picture. There are certainly plenty of avenues for innovation in this industry to look at how it accesses new markets and how it does business.

**The Hon. Dr PETER PHELPS:** Fish receivers licences, does that mean that within a certain geographic locality government has in place monopsony or single-buyer arrangements for that geographic locality and why, in this day and age, would we have government-legislated monopsony operations when there is a range of potential buyers for these products?

**Mr HANSEN:** There is no limitation in terms of the number of people who can hold a fish receivers licence.

**The Hon. Dr PETER PHELPS:** The fact that they exist in the first place is surely an archaic provision. I cannot even think what it would be, other than health considerations at a previous date.

**Mr HANSEN:** Largely driven around that, yes.

**The Hon. Dr PETER PHELPS:** But surely they are archaic in this day and age, they are redundant?

**Mr HANSEN:** There is a significant number of our input controls within the commercial fishing sector that are archaic. One of the key outcomes we are looking for out of these reforms is being able to come up with better and more efficient ways of achieving the same outcomes.

(The witnesses withdrew)

(Short adjournment)

**GRANT SAUNDERS,** Aboriginal commercial fisher, sworn and examined

**RAYMOND SAUNDERS,** Aboriginal commercial fisher, sworn and examined

**The CHAIR:** Thank you for the two submissions that you have provided to the Committee. Before we commence with questions, would you like to make an opening statement?

**Mr G. SAUNDERS:** I would like to make an opening statement to outline what we would like to achieve from this process. My father and his six brothers learnt to merge Aboriginal traditional knowledge with commercial fishing practices from their father, my late grandfather Horrie Saunders. Apart from reading the symbiotic relationships between bird and other animal behaviour with that of fish behaviour, they observed one of the most ecologically sustainable methods of fishing, which we now know as cyclic fishing. This method is employed in the more contemporary practice of tri-netting each prawn dig to find the most mature prawn and to spell or to leave alone prawn digs that have a majority of baby to juvenile prawns.

I speak in the past tense because without meaningful consultation with commercial fishermen, in 2002 the Minister for Fisheries, the then honourable Eddie Obeid, who has recently been jailed for misconduct in public office, decided to completely and partially close waterways along the east coast of New South Wales, closing two-thirds of our river, the Manning River, to create recreational fishing havens in marine parks.

Consequently, after buying out fishermen who could no longer see the viability of their businesses under this regime, the small fishing businesses that were left were made to overfish a small section of the river, losing over twenty prawning grounds. This section of the river is where juvenile prawns are found and so, rather than continuing the practice of cyclic fishing that maintained an ecological balance, fishermen have been made to upset that balance in order to maintain a livelihood.

Contrary to popular belief, fishermen do care about environmental and man-made factors that impact on their livelihoods catching healthy seafood for the community. Based on decades of commercial fishing

knowledge, as well as tens of thousands of years of traditional Aboriginal fishing knowledge, we would like to recommend the following: that the New South Wales Government lift the closures on New South Wales waterways so that the more ecologically sustainable cyclic methods can be re-employed. Again, these closures were put in place by a now found to be corrupt Eddie Obeid and, given this information now, we question the validity and transparency of the fishing policies made under his ministry.

The Government should buy out fishermen who want to get out of the game rather than force fishermen to buy each other out through the new share market system, then offer government buyouts in five- to ten-year intervals until the ratio of fishers to working area becomes more economically and ecologically sustainable in each fishery. A minimum number of shares per endorsement should be 125 shares, as proposed, which equals 240 working days or 20 days per month. However a maximum of 150 shares should only be incorporated for fishers who, like trappers, need to work 350 days per year in order to check traps every day. Like farmland, each fishery is affected by seasonal changes such as droughts and floods. Therefore estuary fishing must always be a multipurpose fishery to account for these seasonal changes that affect different species at different times.

This would allow fishermen to fish species that are available rather than be forced to specialise in fishing one or two endorsements, especially when those endorsements are affected by bad seasons. These are the main recommendations that we see address the current concerns that we have in our fishery. If the Government is genuinely interested in meaningful consultation with experienced commercial fishers to make fishing a viable industry that new fishers will want to invest in, then it should take these recommendations on board and take heed to all the concerns raised by fishermen throughout this inquiry. Thank you again for the opportunity for my father and me to provide evidence to this inquiry. We are now ready to answer any questions the committee may have but reserve the right to answer all questions in writing, given the time constraints of this inquiry.

**The CHAIR:** Thank you, Mr Saunders. The normal process here is that there will be questions that the members may want to ask that they will not have time to ask you, so they will send you those questions in writing and you can reply to those questions in writing within a given period of time.

**Mr G. SAUNDERS:** Yes.

**The CHAIR:** The Committee resolved this morning that where you do get questions on notice, we would like the answers within 18 days. I know that seems fairly short but we are up against the clock here with the time line on the resolution of these reforms.

**The Hon. MICK VEITCH:** Thank you for providing the submission and thank you for coming today to talk to the inquiry. Can I also say, if you want to provide a more detailed response to any of our questions you can take that on notice. Do not feel as if you have to spend all your time answering one question, for instance.

**Mr G. SAUNDERS:** Yes, I am much better in writing.

**The Hon. MICK VEITCH:** With regard to the current reforms, we heard from the Minister this morning that he is not going to stop the reform process. If you are looking at how the reforms currently impact your operations—

**Mr R. SAUNDERS:** How do they impact on my operations?

**The Hon. MICK VEITCH:** Yes, how do they impact on your current operations and what should happen to make it easier or to fix the way it impacts negatively on your operations?

**Mr R. SAUNDERS:** Well, for a start, I tried to have my son as an endorsed fisher and the application process was there. So I followed it through, got the permit 37 for him to work with me under my licence because I have 250 prawning shares and a Class 1 Skipper's endorsement for working in the river system. I got a permit for him to work as an unendorsed fisher on those, a permit for each of those methods of fishing. I went into two prawn draws on the Myall Lakes and I was able to do that with that permit. On the third occasion, I applied to go in the third draw and was refused to go in it because Grant was not a fully endorsed fisherman. But I was only told on the day.

I was the one being targeted, so I feel that the Fisheries' officers should have told me in advance so that I could have made other arrangements to go in that prawn draw. Then I was allowed to go on a peg further down the creek, where it was a one-man operation. My chances of catching a lot of a prawns on that dig was reduced because I was not on the front two pegs. So I had not been informed by Fisheries that this 37 permit—I have heard that it is going to be cancelled. Legally I will be able to use it until 17 July next year but I have heard that it is cancelled. Do I wait for them to book me on the water for Grant to be working with me, or are they going to officially tell me that I cannot do it? That is one of the problems at the moment.

This idea of having so many days to work for each endorsement and the number of shares that you have will impact on my business. With the hauling, I am only allowed 90 days working. And with the meshing, that has to increase. I am sure other fishermen have told you about that process. I am at the retirement age. I have always thought of fishing as an equal opportunity, the way it is structured now, that it was equal opportunity with the 125 shares. When those shares are increased by other fishermen and they have more traps or more days to work, they can bomb you out. They will starve you out of the game with the extra traps that they can use around you and the more days that they can work. For new entrants to come into the game, it is just going to be too hard for them to start that process. So it is not an equal opportunity for the ones that are already in there.

The other thing that worries me is the fact that when the share management was put in place, we were going to get this superannuation package when we retired. There are a lot of fishermen out there who want to get out but they have to pass that superannuation package, those shares, onto their sons so that their sons can stay in the fishing industry. So they are not going to get that superannuation package. And I found out just recently that for me to give an endorsement to my brother that is worth \$50,000, it would impact on any pension that I may get in the future, on the value of that pension. So I cannot give my brother an endorsement to prop up his chances in this new planned system. That will apply to other fishermen and fishermen's sons that have been put in the same situation. This is where I feel the equal opportunities in this industry are going to be destroyed completely. The whole industry is going to collapse. Wealthier fishermen or business men will take over the industry.

**The CHAIR:** Before I move on to Mr Field I note in your submission, Mr Raymond Saunders, this is a time sensitive problem for you with the issue of the 37 permits for zone 3. We did raise this with the Minister in discussions and my advice to you would be that you should talk to the Director General of Fisheries with specific regard to the grandfathering date of 31 December. They want to talk to you about that. We will provide you with the telephone number of the Director General of Fisheries, Dr Geoff Allan. That is one aspect of your submission that they will attend to or look at.

**Mr R. SAUNDERS:** Okay. I have a section 37 permit to work in zone 3.

**The CHAIR:** That is the one you refer to in your submission.

**Mr R. SAUNDERS:** It finishes on 31 December and that is my tribal fishing grounds.

**The CHAIR:** That is why I am suggesting that the Minister's evidence suggested that you should talk to the Director General and they will sit down with you over those permits for zone 3. We will give you a contact number.

**Mr R. SAUNDERS:** The others with my son, with an unendorsed fisher, were for zone 4.

**The CHAIR:** Discuss those at the same time.

**Mr JUSTIN FIELD:** Thank you for attending. Do you make a distinction between cultural fishing as it is defined under New South Wales law at the moment and commercial fishing? We heard quite a few fishers discuss Aboriginal communities that engage in commercial fishing but at the moment under the law cultural fishing excludes commercial fishing. How do you see the distinction?

**Mr G. SAUNDERS:** We do not see a distinction. As I said in my submission, we have been able to marry the two thoughts or cultures, if you will. We have married the culture of cyclic fishing methods, reading tides, reading moons, reading weather conditions and impacts on fish behaviour with commercial fishing practices. You are right, a distinction has been made that Aboriginal fishing rights are purely looking out for the amateur Aboriginal fisherman to practice old methods of fishing. The people who are responsible for setting those policies in place had consulted Aboriginal commercial fishermen up and down the coast but those voices do not seem to have been heard in that equation. There is now a distinction.

**Mr R. SAUNDERS:** With cultural fishing, when we went to the beach we had a lot of our relatives and other Aboriginal members of the community come and help us pull the nets. Fisheries stopped them from participating in that operation. No members of the public were allowed to touch the net. We were then forced into pulling the nets in with four-wheel drive trucks. When we started that process that is when we were made by Fisheries to get a \$6 million insurance policy. The Aboriginal people in the community went up around the headlands and started jaggging for fish. The Fisheries officers said, "Why don't you go down to the beach to help them catch fish?"

The minute they went back down to help us the Fisheries told us they would book us if we let them be part of the operation. We could not win and they could not participate. They were getting angrier. Jaggging was the only method they could use to catch the fish when they went to the beach during the travelling season. If you

went back through history you will find that the spear would have been taken off them and deemed to be an offensive weapon at some stage in history. That is probably not allowed to be used anymore.

**Mr JUSTIN FIELD:** What is jaggging?

**Mr R. SAUNDERS:** Jaggging is having a three-barbed hook on the end of a line and then cast in amongst the school and pulling it fast through the air. I suggested they allow them to fish on the southern side of the headlands and it would not be a problem to any commercial fishing operation. That was not taken on board.

**Mr JUSTIN FIELD:** The Minister has suggested that the Aboriginal fishing trust established under changes to legislation a couple of years ago—but has not been implemented and the money has not been made available—might be a vehicle through which shares are able to be purchased or other financial support given to Aboriginal fishers engaging in commercial fishing businesses to support them being an economic vehicle for the Aboriginal community. There would be other processes built around that to engage the community. I am not sure if you have heard of the trust. Would that be an appropriate way to manage some of the challenges?

**Mr R. SAUNDERS:** When the Aboriginal and Torres Strait Islander Commission [ATSIC] was in operation we tried to get loans through that and that was extremely hard. They thought that we were a viable industry and even though we were employing 10 men in fishing operations we still could not get fishing gear on a low interest loan to upgrade our gear at the time. You can only keep asking to get these things. Even Aboriginal organisations will not help you. I felt that ATSIC was just getting to the point where Aboriginals were starting to get educated enough to access those funds and the Government in power at the time decided that they wanted that \$10-million plus, so they took it. They closed them down and took the money off them. It is now operated by other government departments. I do not hear of anyone being able to access those funds.

**The Hon. GREG PEARCE:** Mr Grant Saunders, you answered the question about cultural as compared to commercial fishing. Can you give us an understanding of how you have been able to cope with the need to acquire shares and the difference in the area the Fisheries department has described as a zone and your traditional allocated tribal area?

**Mr G. SAUNDERS:** Like I said before, it has hindered the practice of cyclic fishing. All the fishing families, not just Aboriginal fishing families like ours, have been made to overfish one section of the river, a third of the river. We are made to hammer juvenile immature prawns while all the mature prawns are downstream. We cannot get access to that. There is no ecological sense in that whatsoever. It has come about, and we have been reeling from that, ever since 2002 when the restrictions were put in place. It is not only damaging our financial wellbeing, like I said before, it is another form of displacement of our people and other small fishing families that have been working that river for generations. It seems to have been born out of a government that really did not care to consult with fishermen, Aboriginal fishermen included, but it is still one of the biggest issues that is shared by every fisherman I have come across in our river—those closures.

**The Hon. Dr PETER PHELPS:** What was the ostensible reason for closing those large stretches of the Manning River? Was it for environmental reasons or was it to be sold off to other commercial fishers for their use? Was it an outright closure or was it closure for you and an opening up for others?

**Mr R. SAUNDERS:** I feel that the closures on the eastern seaboard were brought into play for the land grabs on the eastern seaboard for property developers and commercial interests in the tourist industry and a lot of councils got behind those closures.

**The Hon. Dr PETER PHELPS:** Specifically for the Manning River, surely there had to have been some reason given for the closing off of two-thirds of your previous areas? What was the reason given?

**Mr R. SAUNDERS:** Fisheries told us—there was a caravan park operator just below the top boundary at a place called Croki. He was a very strong agitator for the closure of the river system. Fisheries words on that were, "We had to oil a squeaky wheel." So the closure came well up past his caravan park. They gave him plenty of room to quieten him down but this closure line, instead of going directly across the river which should have been the correct way to do it, it started at a creek. If you can imagine this table being the river section, it started at the creek and went on a diagonal up to that point three kilometres up the river. So if you are coming down there to operate a fish net and you drifted over into those closed waters with this imaginary line up the middle of the river, you would get booked for it. The wind could wash you over there, the tide could wash you over there. So we had to negotiate with Ian Macdonald to get that line straightened. All this hard work just to do that, when that should have been straight in the first place. The closure was organised with that caravan park operator; no negotiation with the fishermen.

**Mr G. SAUNDERS:** But you have also got a powerful amateur fishing party lobby group that was agitating for those closures and to open that two-thirds of the river for commercial tourism, recreational users. So the people who are benefitting from that two-thirds closure are recreational users, mainly amateur fishermen.

**Mr R. SAUNDERS:** It is 19 foot of water down there and an amateur fisherman cannot legally catch that prawn out of that depth of water but we could access mature prawns—I am talking about number one prawns—to feed the public. A prawn grows to full adult size by the end of the summer season and it's a stock that should be resourced for the public. Once it goes out to sea it heads north and the Queensland fishery gets it if they are lucky. It is a resource going to waste.

**Mr G. SAUNDERS:** At the moment there is a market for immature prawns. For small businesses to remain viable, if there is a market there they will do it. They hate doing it, they know that they can get mature prawns down river but they are not allowed to go and fish that. They are forced to have to hammer these small, immature prawns because ironically there is a bait market for amateur fishermen to use.

**The CHAIR:** So they do not go into the consumed seafood market.

**Mr R. SAUNDERS:** No, it is not for the consumer.

**The Hon. Dr PETER PHELPS:** What you are effectively getting is worse environmental outcomes than before the Government intervened in the first place?

**Mr G. SAUNDERS:** Exactly.

**Mr R. SAUNDERS:** But in this small section of river that we have got, we are now being impacted by leaching from our local dump that is coming into the river system. Crabs and prawns are dying in crab traps overnight. One particular prawn dig in that area, we have not caught prawns off it for about 15 years. At the moment there could be something going wrong with our river because of like a toxic plume meeting an algal plume on these prawn digs because it is destroying jellyfish, whatever it is. It happened last summer and now it has happened again this summer, so there are no prawns in the Manning River at the moment. Whether we are being affected by the run-off from the coalmine at Gloucester? It was only just recently that I read an article in the *Sydney Morning Herald* on 96 rivers being closed in China because of the acidity from run-off from coalmines. If we are experiencing the same problem in our river, I see the prawns as the indicators of the problems that could occur in the soil in the bottom of the rivers and the oyster is the one that shows the problems near the surface of the river, the pollution problems that could occur.

**The CHAIR:** So they are your mine canaries?

**Mr R. SAUNDERS:** Yes, they are our mine canaries.

**The CHAIR:** Mr Saunders, I do not mean to rush you but we are out of time. The evidence you have given today and also your written submission needs a bit more work. I dare say there will be a number of questions sent to you. I am sure Mr Field will have a few questions about the pollution. Has the problem, which could be a toxic plume, been reported to any authority?

**Mr R. SAUNDERS:** I rang the Fisheries officer and I have not had any word back from him.

**The CHAIR:** So you do not know whether they took it to the Environment Protection Authority?

**Mr R. SAUNDERS:** I tried to ring an 1800 number that is listed in our local phonebook. All I got was chamber music and I listened to that for about seven minutes before I gave up on it. I tried later on in the day—I thought I might get on there at 9 o'clock—but I still got the same music.

**The CHAIR:** Thank you very much for agreeing to come down today and give your evidence. I can assure you that your evidence is valuable. You are the only representatives of Indigenous commercial fishing who have given evidence to the Committee. We are going to take cognisance of what you say. The Government did tell us that one problem that has been evident is what I will call "tribal" fishing areas did not coincide with the zones. The zones were put over the top.

**Mr R. SAUNDERS:** Yes.

**The CHAIR:** That is something that we will recommend that the Government have a good look at. Would you try to respond to any questions that we may send to you within 18 days of receiving them? The Committee is going to try to talk to the Government midway through January about its findings and we need every bit of information that we can get.

**Mr R. SAUNDERS:** I will stop working so that we do it. The viability of the New South Wales fishing industry is more important than for me to make wages.

**The CHAIR:** We would like to try to achieve both. We do not want anybody losing their livelihood over this exercise. Perhaps you might want to send an email or something like that. We will try to keep the questions concise and see where we go.

**Mr R. SAUNDERS:** Thank you.

**Mr G. SAUNDERS:** Can I just say one thing before we leave?

**The CHAIR:** Yes if it is quick.

**Mr G. SAUNDERS:** As an Indigenous fourth generation fisher underneath my father and my grandfather before him, it is important to protect our interest as Indigenous fishermen so that we can pass that culture through the next generation. But we stand with all fishing families, small fishing families. We want this to be an equal playing field for fishermen and not have big shareholders take over the industry.

**The CHAIR:** I understand that. We have heard that loud and clear.

**(The witnesses withdrew)**

**Ms DANIELLE MARIE ADAMS**, General Manager, Clarence River Fishermen's Co-operative and Chair of the Co-operatives Association for the State, sworn and examined

**The CHAIR:** Do you want to make an opening statement?

**Ms ADAMS:** Yes, I would very briefly as the General Manager of Clarence River Fishermen's Cooperative [CRFC]. I do not profess to be an expert on fisheries reform, however I do have experience in restructuring business, effective change management and achieving results through business structures. The CRFC is the largest co-operative on the east coast with 147 shareholders. We average between 1.2 million and 1.4 million tonnes annually from both our estuary and ocean fleet. I have concerns of fairness and equity through this process. It has been ongoing for a number of years. We would like to see something done in getting to a quick solution. However, we do not want it to be at the detriment of our industry which means, I think, that a lot more work needs to be done to get to a fair and equitable result at the end of it. We are concerned about the lack of business critical information that has been provided to our shareholders for them to make informed and good structural business decisions for their future.

**The Hon. JOHN GRAHAM:** I want to raise the future of co-operatives in general, an issue that was put by the Committee to the Minister. I am interested if you would expand on the impact of this reform on the financial viability of the co-operatives.

**Ms ADAMS:** Once Mr Blair took on the position of Minister for Primary Industries one of the things—in fairness to me he did recognise that the co-operatives were going to be challenged through this process and they put steps in place to put in some programs. There was a 30,000 business adjustment grant and there was also the looking at the Crown lands rental for those who are on licences or leases. So we do recognise and appreciate that. However, it is not going to be enough because we are all looking down the barrel of lacking in throughput and we are all looking down the barrel of reduced numbers in fishers.

At the end of the day, a cooperative's job is driven by throughput and it is driven by the amount of shareholders we have that push their product through that gives us the ability to then value add. I know value add was raised by the Minister previously. Value add is an important part of our business at the CRFC and it is something that we would like to see the other cooperatives do, and some of them do, some of them may not be as geared to value add as they should be but it is important.

**The Hon. JOHN GRAHAM:** Fundamentally the Government's answer is value adding and innovation. How much of an answer do you see that as?

**Ms ADAMS:** It all comes back to the individual business and how it is structured as well. There are some very small cooperatives in the State that may not be structured to be able to do that. They may be on a small scale but a lot of their product goes straight to Sydney. So they are not going to be in that position to be able to value add and innovate their business because they are in a small regional community and they are just not going to be structured that way.

**The Hon. JOHN GRAHAM:** The Committee has received some very direct evidence. I think the witness described it as very blunt evidence that cooperatives will close under these reforms.

**Ms ADAMS:** Most definitely.

**The Hon. JOHN GRAHAM:** Is that your view?

**Ms ADAMS:** Yes, that is most definitely and we are seeing it now. We are seeing it where if I took a North Coast cooperative as an example, through the start of this process to today they have gone from 38 down to roughly 18 fishers in just the change in the process and reducing—

**The Hon. JOHN GRAHAM:** How quickly do you think some of those closures might happen if that were the case?

**Ms ADAMS:** It is difficult to say because, first, we need to know a starting point when this goes through and, second, how much, the timing on the quota that their fishers get, how quick those fishers do utilise their quota. So it could be a matter of 12 months, it could be four to five years. I can only speak on behalf of our business. We know that within four to five years we are going to have to downsize quite dramatically in what we do today.

**The Hon. JOHN GRAHAM:** I think members of the Committee, including the Government and the Minister today, have recognised the importance of cooperatives to regional communities. What can be done in your view? What additional specific measures could be added to the reform package that would really make this easier to survive and avoid these cooperative closures?



**Ms ADAMS:** I would have to take that on notice to go back to my members from the point of the cooperatives association. However, the fundamental thing of a cooperative for survival is our members and our shareholders. Without them we have not got a business anyway or a business to offer. The other thing too is that those that stay, the cost to operate a cooperative gets shared across less fishers. So the ones that do stay are actually going to be hit with higher charges which then impacts their viability. So the whole overarching argument about viability is not going to fix the issue.

**The Hon. MICK VEITCH:** How do cooperatives work together up and down the coast? Obviously you do not operate as silos—

**Ms ADAMS:** No, that is right. We are all challenged by distance, of course, but we have the association as an overarching entity and then the unwritten or communication between each other for certain specific items. I think I am seeing more now of us working together as a group than what we have done in the past, through natural progression through the challenges that we are facing. One project that the CRFC and Ballina are working on is a collaboration project to look at how can we maximise our location and work together. Ballina will be challenged in getting through this reform. If we can help them in a way we will, and vice versa they may help us in a way as well. It is not something on a day-to-day basis they are all working together, however, we all know that at some point we are all going to have to sit in a room and try to come up with some kind of program to make sure that the smaller ones survive through this.

**The Hon. MICK VEITCH:** Do you work together on economies of scale around things such as logistics, transportation, or do you just make your own purchasing—

**Ms ADAMS:** We make our own purchasing arrangements and our own agreements. Sydney Fish Markets do assist in the transportation and logistics side of things. We have our own transport fleet as well. So we will offer assistance if required for the other cooperatives but we all tend to run our own business because the logistics are that we are from border to border so we are all so far apart.

**The CHAIR:** As a point of clarification, where does most of your product go—south to Sydney or north to Brisbane?

**Ms ADAMS:** It is probably 50-50, and we export as well.

**The Hon. MICK VEITCH:** What has been the impact of this reform process on the mental health of the fishers in your co-op?

**Ms ADAMS:** It has been horrific. I am pretty tough, but having hardened fishermen sitting in front of me in tears, or bringing in their family to discuss their future is not easy. It was offensive that when they received the paperwork for this process the first thing they saw was a pamphlet about counselling. The underlying message was, "We know this will create pain and here is an opportunity to talk to someone." When I came into the business—I have been in it for only 5½ years, so I am a newbie—there had been a suicide. The suicide was not related to the reform process, but that had all just started. One of the things I did was to undertake a suicide prevention course, not to counsel but to recognise whether individuals may be challenged, whether they need guidance, or whether they should be referred to local counsellors. We have recognised that we have fishers in our region on whom we should keep an eye, have discussions with, or help through the process.

**Mr JUSTIN FIELD:** Thank you for appearing before the Committee today and for the detail in your submission. I have asked questions about the history of other people representing co-ops to get an understanding of how you arrive at your assessment of decreasing throughput. The quota is distributed across the current shareholders in the region. The same amount of fish is expected to be taken out of each fishery.

**Ms ADAMS:** So they keep telling us.

**Mr JUSTIN FIELD:** You are making an assumption that throughput will fall. No-one is suggesting that the total amount of fish taken out of the system will decline as a result of the reforms, which are about making the fishers more viable or sustainable economically. Why do you think the throughput will fall, or is it simply a question of competition between different co-ops about where those fish end up?

**Ms ADAMS:** I can only speak on behalf of my region. Mud crabs are a good example. The Clarence River is a large river and we have a lot of estuary fishers. Mud crab fishers in region 2 were allocated 735 kilograms per share to be able to continue to operate. The fishers in region 3 were allocated 1,400 kilograms. Our fishers average between 2.5 tonnes and three tonnes a year. That is a remarkable difference. We recognise now that if 50 per cent of our fishers meet the minimum of 735 kilograms there will be a remarkable difference in throughput.

**Mr JUSTIN FIELD:** Why the distinction? They are two different fishing regions, not two different rivers.

**Ms ADAMS:** They are two different rivers as well.

**Mr JUSTIN FIELD:** Why has the Government made that distinction? Is it based on an assumption about the sustainable take in those regions?

**Ms ADAMS:** We think that because we have a large number of shareholders in the region we were disadvantaged through that process. I cannot tell you exactly how they came to those numbers because I am not experienced in fisheries management. But from what we can see, it was about the total throughput over time and this was how many there were in each region and this was the allocation.

**Mr JUSTIN FIELD:** As you point out, you have a larger number of fishers. Even though the quota per licence is smaller in your region, the total amount of crabs should not alter. Where are the crabs going if they are not going through your co-op or one of the other co-ops after the reforms? Obviously you are making an assumption about where they are going, or are they not being caught?

**Ms ADAMS:** I cannot tell you. At the moment, if someone is catching 2,500 kilograms it may be in the region somewhere but we are not getting it. We have shareholders who do not have the capacity to invest to get back the quota that they used to previously. Did that answer the question?

**Mr JUSTIN FIELD:** Yes, but the reason that is challenging is that we are not sure what the price will be as a result of the subsidised purchase process.

**Ms ADAMS:** That is correct.

**Mr JUSTIN FIELD:** It could be affordable for those fishers to make an additional purchase to increase their quota.

**Ms ADAMS:** It could be, but it may not be. There is also—

**Mr JUSTIN FIELD:** I understand that when you are making a business decision it is hard.

**Ms ADAMS:** —a risk that it may financially break people in the process. The Minister said there is panic buying. Some of the investment figures that our fishers are talking about are phenomenal. I am concerned that in five to 10 years they will not get their money back on that investment. We will go through the same cycle of changing fishers again and see a further downturn in throughput.

**Mr JUSTIN FIELD:** How do you feel about other elements of the reform? There is money for business plans for the co-ops. I am not sure whether you are on Crown land or whether you have had a rent reduction. Have those measures been sufficient and have you taken advantage of them? How has that played out?

**Ms ADAMS:** We have taken advantage of the rent subsidy. As I said, we appreciate the opportunity to be recognised through the process, and we were not prior to Minister Blair taking on the role. However, knowing that we have a downturn in throughput coming, in some ways it is simply not enough.

**The Hon. Dr PETER PHELPS:** Was it a subsidy or a waiver?

**Ms ADAMS:** It was a waiver.

**The Hon. Dr PETER PHELPS:** It was the complete amount?

**Ms ADAMS:** Yes.

**The Hon. Dr PETER PHELPS:** What was the amount?

**Ms ADAMS:** It varies for each co-op depending on the land and water components.

**The Hon. Dr PETER PHELPS:** What about yours?

**Ms ADAMS:** I will take that question on notice.

**Mr JUSTIN FIELD:** Co-ops are one avenue through which fishers can get their catch to market. It has been suggested that it might be appropriate not to have the co-ops as the middle person so that fishermen can sell directly to a restaurant or another business. How do you feel about those sorts of suggestions?

**Ms ADAMS:** That is a risk to our business, but that makes us more determined to do our job better and to ensure that we are an attractive option for the fishers. Information transmission for the fishers from a co-operative directly to the Department of Primary Industries has been suggested.

**The CHAIR:** That is an electronic self-weighing system.

**Ms ADAMS:** Yes. The CRFC has been trying for a number of years to have the department accept a data transfer so that we can offer that as a service for our members. We are ready to invest in changing our system so that we get the exact information it needs. That is another facility that we see as an option to make co-ops more attractive to fishers. It makes us more accountable and efficient.

**The Hon. RICK COLLESS:** What is the catchment area of your co-op?

**Ms ADAMS:** It stretches from south of Evans Head through to Wolli. That is region 2.

**The Hon. RICK COLLESS:** Does all of your product come from the State fishery or do you also receive product from Commonwealth waters?

**Ms ADAMS:** We do not receive product from Commonwealth waters; it is all State fishery product.

**The Hon. RICK COLLESS:** I refer to the graph on page 3 of your submission. What is the reason for that gradual decline in catch since 1998-99?

**Ms ADAMS:** There is a number of reasons. One was the registered fish receivers adoption. The fishers were forced to go through a co-op and weigh in their product. Once that was removed there has been a gradual decline. The co-op also faced many challenges over a number of years. When I started it was more than \$2 million in the red, and we were trying to get it back on track. We have worked hard to show value to our shareholders and to increase their income streams. That had something to do with the downturn in throughput. We have also had three years of floods.

**The Hon. RICK COLLESS:** You mentioned black market selling and illegal recreational selling. When that requirement was removed, was the catch consistent or had it declined or was it just that your throughput declined?

**Ms ADAMS:** I think the catch was still there, but we just were not seeing it. When you take into account the elements and flooding it has had an impact.

**Ms ADAMS:** There are 103 that are classified as active. I am nervous and cannot work out the calculation.

**The Hon. Dr PETER PHELPS:** So there are roughly 44 inactive shareholders?

**Ms ADAMS:** That is correct.

**The Hon. Dr PETER PHELPS:** Is it not to the advantage of your members for those inactive fishers to actually dispose of their shares to active fishers?

**Ms ADAMS:** Some of them may have already done that through their own business adjustment.

**The Hon. Dr PETER PHELPS:** But you are not opposed to the concept of inactive fishers disposing of their shares to active fishers?

**Ms ADAMS:** I think that is the whole idea of the reform and the restructure.

**The Hon. Dr PETER PHELPS:** But it is good to get onto the record that the co-ops are not opposed to that?

**Ms ADAMS:** No, definitely not.

**The Hon. Dr PETER PHELPS:** On the issue of government assistance, has the Government offered money for business plans or anything to the co-ops?

**Ms ADAMS:** Yes, there was a \$30,000 business adjustment.

**The Hon. Dr PETER PHELPS:** My next question relates to diversification. What sort of diversification has the co-op undertaken? Presumably you have shops?

**Ms ADAMS:** That is correct. We have just invested in another retail shop, so we run three retail shops, we export and we also have a large value-adding business in-house as well, pretty much one fish co-op and we have turned it into multiple income streams.

**The Hon. Dr PETER PHELPS:** That has pretty much turned Clarence Rivers Fishermen's Co-operative [CRFC] around?

**Ms ADAMS:** That is correct, yes.

**The Hon. RICK COLLESS:** Can I just follow up on that, in relation to the three retail shops that you have. What is the relative profitability of them? They are profitable, aren't they?

**Ms ADAMS:** They are profitable. The whole idea of having supplementary businesses for a cooperative and I guess the way we operate—and again I can only spoke on behalf of the CRFC—is that the back end of our business, which is where the throughput comes through, is cost recovery. So we are not charging the fishers large amounts to operate the business. The retail shops and the other businesses that we run is our profitability and what keeps the business running.

**The Hon. GREG PEARCE:** You have 44 inactive members?

**Ms ADAMS:** Yes.

**The Hon. GREG PEARCE:** I assume they pay their membership dues?

**Ms ADAMS:** There is no such thing as membership, as such. They have to meet a minimum requirement on an annual basis. Some of them do meet that.

**The Hon. GREG PEARCE:** In terms of catch?

**Ms ADAMS:** In terms of catch. It is very low. Some of them do; some are just sitting there waiting to go on to a repurchase-type scenario.

**The Hon. GREG PEARCE:** So what is the benefit to them in remaining members?

**Ms ADAMS:** They are just waiting for a share payout basically.

**The Hon. Dr PETER PHELPS:** My question is about one of the things that I think government does too much. From your point of view, what regulatory burden exists on fishers at the current time that you think could be lessened which would make their lives easier? Are there specific examples of a regulatory burden which you think could be done away with?

**Ms ADAMS:** I would have take that on notice and request our fishers for that. I think one of the important things is—and I have raised it in our submission—that we created working groups for our region so that we could get the fishers to work together, for a start, and to come up with solutions that would work for our region and to table them to Fisheries so that a lot of those regulatory things may be adjusted down the track. Because we have not had any response, it has tainted the mentality of the fishers about the working groups.

**The Hon. Dr PETER PHELPS:** A response from the Department of Primary Industries [DPI], you mean?

**Ms ADAMS:** Yes, that is correct. Just on that too, I think that asking the fishers to invest without understanding the regulatory changes that may come, it is very difficult for them to know, and I know it was talked about a day's fish. When they are looking at shares that they have to purchase, how is a day going to be classified so that they then know how many shares they need to invest in to keep them viable?

**The Hon. Dr PETER PHELPS:** I think a day is 24 hours, is it not?

**Ms ADAMS:** When it starts and when it finishes. It has already been raised.

**The Hon. RICK COLLESS:** It is my information from the Minister's office that that is still under negotiation and it is still up for consultation. There has been no real decision made on that.

**Ms ADAMS:** And I understand that, but we are asking somebody to invest without knowing the nuts and bolts of the regulations that are going to apply.

**The CHAIR:** The output of those working groups that you had going and the questions you sent to the Government, could you provide the committee with a copy of that?

**Ms ADAMS:** Certainly.

**The CHAIR:** Can you take that on notice?

**Ms ADAMS:** Certainly.

**The CHAIR:** We have run out of time. Thank you for your submission, it is very detailed and there is a lot of good useful data in there.

**Ms ADAMS:** Could I ask one more thing? We have been doing a lot of work with our shareholders to see where they need to be, what they need for the future and just to make sure that they recognise the viability. The share register was released in October. There were 379,800 shares in the share register. The share register

that was just released in December had over 407,000 shares. There are 27,000-something shares extra from one month to another. We would like to know where those shares came from and why they have appeared and are not in their previous answer.

**The CHAIR:** We will take that on board as a question on notice to the Government.

**Ms ADAMS:** Thank you.

**The CHAIR:** Thank you for coming all the way down. You have a beautiful fishery up there. Could you commit to getting the answers to questions on notice back to us within 18 days of receiving the written questions?

**Ms ADAMS:** Yes.

**The CHAIR:** The secretariat will send you the questions. If you could provide us with the documents that your working group put together, that would help us a great deal. The Committee will then ask the Government why it has not answered those questions.

**Ms ADAMS:** Thank you for the opportunity.

**(The witness withdrew)**

**PAUL ALBERT HERON**, Commercial fisher from the Illawarra, sworn and examined

**The CHAIR:** The Committee has received your submission No. 58. Would you like to make an opening statement?

**Mr HERON:** I would like to say that this commercial fishing reform about which I heard the Minister speaking this morning on my way up here in the car and which he seems to think is so fantastic, is really not as fantastic as he puts it. It is basically going to make a small fisher like me, with a young family and a mortgage—I am two years into my mortgage—we are basically going to lose our house. It is like me coming out and saying, "As of tomorrow, everybody here can only work 75 days of the year and that is all the pay you get. The rest of your year's wage is now gone." If your bills that you have are already maxed out on the wage that you earn for the amount of time that you work, basically you cannot go out and get a loan to be able to continue to do what you love to do.

I have fished for 20 years and basically that is all I know how to do. I left school when I was 16 years old. I got a quick job which I was not terrific at and then I got into fishing. In my submission I tell the story. Basically, that is how I got into fishing. I enjoyed fishing with a rod as a kid and kept myself out of trouble. The reform that the Minister makes out to be fantastic is not. There is no way that a fisher such as myself can get a loan. I went to rural assistance and they told me it was impossible to get a loan because I do not have enough collateral. They said to me if I can get the house deeds and give it to them for collateral for the loan then I would be able to get the loan. I cannot access those. They are in the bank vault. That is not my fault. I cannot do that.

Basically this reform will take my job away. What I am going to do after this, I do not know. The Minister said this morning that there is \$10,000 there for retraining or this or that and he just makes out that this reform is so fantastic and it is not. Basically, fishermen's right are being taken away, the catch history has been taken away, people are losing their jobs and that is the biggest issue with the whole thing. The stress and depression that all fishermen are facing through the reform—I have no fingernails. You only have to look at my hands to see there is no fingernails and that is from the government's reform. A lot of fishers do not know what to say or do.

When we ask questions or we send questions to the Minister, and in my submission there are questions to the Minister, and I have the answers, but the answers do not match the questions. They are pages from the reform. He will not answer questions. He says he consults with the industry but the entire region six fishermen have not seen sight nor hair of the Minister ever. I asked him in that letter to come and have a meeting with the fishers in region six to discuss problems with this reform and he does not do it. I do not know where we are going from here. The way I am at the moment I am not fishing. I am that stressed. I do not know what to do with myself. I cannot sleep. I do not know what to do. There are a lot of other fishers out there that are in this position. That is what you guys need to hear. People say it is fantastic and great but it is the fishermen on the end of it that are wearing it. We are the ones losing our jobs.

**The CHAIR:** Before we move on to questions, on page two of your submission you say that you would have to buy 375 shares to stay where you are?

**Mr HERON:** Yes.

**The CHAIR:** You believe the cost would be around \$200,000?

**Mr HERON:** At least.

**The CHAIR:** How did you come to that conclusion?

**Mr HERON:** I work 160 days a year in my multi endorsed fishery. That should be fantastic because I am not out there 365 days a year smashing fish and killing fish for fun. When I have caught enough fish for the week and I can pay my bills on that I do not want to catch any more fish. I want to leave them there so when I go back next week I can pay this bill and that bill. The way I arose to the amount of shares I need is because they have given me 75 days to do my primary fishing endorsement, which is meshing. There are 365 days in the year. If you look at any of my fish returns, I have the book here, you will see that one of the main species I catch is mullet.

I heard earlier people saying why do people not get an restricted registered fish receiver [RRFR] licence and sell it to the fish shop. If I go and catch 400 kilos in a night or two nights, or how ever long it takes me, and I take it to the local lagoon seafood restaurant and say, "I have 400 kilos of mullet, do you want to buy it?" He will say, "What do I do with that?" Basically, the co-ops are there for the fishermen to put the product out. I do not have an RRFR where you sell it. I use a co-op which uses a truck driver. Basically, all my catch goes through there and is recorded in here and sold at Sydney fish market. If I have an RRFR there is nothing to

say if I catch the fish and Joe Blow comes to my house and buys 100 kilos of mullet and I write down I sold him 20 and keep the rest on the side.

This is where the issuing of the shares is wrong. If a guy went through and put his entire catch through a book and you go back through the book, go back years and if there is a guy that does not and he comes along and gets the same amount of shares and days as the next guy, that is unfair. I do not know how that fathoms to be fair because it is not. Some guys have bought up shares and done it because they know that fisherman like myself that have been fishing for 20 years cannot buy any more shares because they are bought up and there are none available to buy. I am going to have to make a wage.

If I have 75 days to work and my days run out, he is going to come along and say, "I will give you a couple of days, mate, no worries. But I am going to charge you this much this year". And next year it might be a little more. I end up working for the guy and paying him as well. I cannot get my head around it. Everybody is going to end up working for one guy that owns all the shares. You only have to look at the Department of Primary Industries [DPI] spread sheet and you see that some guys have thousands of shares and some have none. The people that have no shares cannot get loans.

Coming back to your question about how did I arrive at this: If I have 75 days a year to go to work next year and I pay \$80,000, or somehow get the loan for \$80,000, I am going to be further in debt than I am now. I will have to work more days to pay that debt. That \$80,000 only gives me 75 more days. I have to buy another 75 days to pay that loan. It is a cycle where I get up to \$250,000 plus. There is no end. The government has never said if I buy 500 shares in five years time, or when the reform gets looked at again in 2017, it is not going to be more shares again and the goalposts keep moving. This is the problem.

I was told personally by the Structural Adjustment Review Committee [SARC] years ago in a peer packed meeting that as long as I did not buy, swap or sell any shares off my endorsement I would never need to buy another share in my lifetime. This is what we have been told for 15 or 10 years. It has been lie after lie. All we want is an answer and a fair go. I have offered my business to the DPI. I rang them and said, "I have had enough of this. I cannot do it any more. Do you want to buy my business? I will offer it to you for a decent amount."

I spoke to Mr Brown about it. They still would not listen to me. All I was going to get was \$20,000 for my business number and whatever my shares were worth on the trade market later. The Minister said this morning there is no determination on what the shares are. If I go to the bank and say I want to buy 125 meshing shares he will say, "You are going to buy 125 meshing shares but the only catch is next year that 125 days is only worth 75 working days."

Nobody is going to give you a loan based upon the information that we have at this point in time. Nothing has ever been put in concrete. That is how I got to this point with the shares because basically if I buy more shares I need to buy more shares to pay for those shares because currently for what I work now, which is what I was saying before, I am already mortgaged and already have loans and stuff for that amount of money. So I need more and more and more days. Every time I borrow more money I need to work more days.

All fishermen have a business number. If you go out and you buy a fish and chip shop, no-one comes along next week and says, "You can only open 75 days a year unless you buy Joe Blow's fish shop down the road and Joe Blow's fish shop up there and then you can open for the whole year." That is basically where we are at with this reform and that is what is happening. I and a lot of other fishermen that I know of are past the point of knowing what is the right decision to do with our fishing businesses. We don't know what to do and that is where we are.

**The CHAIR:** Did the Government offer you or have you accepted the offer to go and get some financial advice specific to your business?

**Mr HERON:** Yes. I have spoken with the rural financial—what are they called?

**The CHAIR:** We understand.

**Mr HERON:** They were some sort of counsellors. I spoke with him on the phone—I have spoken with two of them actually. I rang up the DPI hotline and I had a talk with her, asking her where I was going to buy the shares from, where I was going to get the money from. She told me—they ended up telling me that I was pig-headed because I would not go and apply for the loans that I had already applied for. I said, "No problem. I will ring up and apply for the loans and when I find out that I can't get those loans I will call you back instantly." So I rang up and spoke with the counsellors and the counsellors told me through the information that I was able to give them on my business that there was no way that I could get a loan.

Now we went back to square one because here I am getting—sorry, we have a little thing here which the DPI sent out the other week, which is what the lady was talking about earlier. This is to support, help fishers. Every fisherman got one of these cards. Basically there is a number on here for the Rural Assistance Fund, the financial counsellors, which are the ones that I spoke to, and the information line. This one does not have one for a counsellor but they told me on the phone when I called them and she called me pig-headed, at the end of that conversation after I called her back she told me maybe I should ring beyondblue because beyondblue would be able to help me. Now DPI could not help me, how is beyondblue going to help me? DPI started this so I do not understand how beyondblue is going to help me when DPI is the one that actually started this problem. That is kind of where I am.

**The CHAIR:** I will put it to you this way. I am the Minister and I have got a bag of money here. If I said to you that it will cost you \$10 for those extra shares you need to stay in business, what would you do?

**Mr HERON:** It will be \$10 for the extra shares?

**The CHAIR:** I will give them to you for free. What are you going to do?

**Mr HERON:** Well, what are you going to do? You still don't know where you are. Even if you gave me the shares for now, what is to say that you are not going to change it again later?

**The CHAIR:** If I offer to provide you with those shares, to subsidise the trade or whatever it takes to give you those shares for nothing, you are saying that is not worth anything because you do not know what I am going to do tomorrow?

**Mr HERON:** Well, it is worth something. It still keeps your job but basically what is going to happen in four or five years when the reform gets changed again? This is where we come into the problem because it was 2017 and I think now it is 2020.

**The CHAIR:** So from your point of view it is probably better that you say, "What is the alternative?" The alternative is that I have made you an offer and you buy all of my shares for X amount of dollars.

**Mr HERON:** I offered.

**The CHAIR:** Is that what you would rather do?

**Mr HERON:** Well I offered that to them but they were not—

**The CHAIR:** I understand that but we are not going to disclose what that was here. That is probably a better option for you than if I say to you, "You can stay in business doing what you are doing now; it will cost you \$10."

**Mr HERON:** But we are never going to get that. Saying it is \$10, it is not going to happen. Where are the shares going to come from?

**The CHAIR:** If the problem is that you cannot raise the money to stay in business and do what you are doing now, if you did not have to raise the money, would you stay in business or would you prefer to be bought out?

**Mr HERON:** I would stay in if you gave me the shares and I can continue to fish as I do now, no problem, but the problem is that is never going to happen. That is just something that is not going to happen. Where are the shares going to come from? This is the problem we have had from day one. The shares are already owned by fishermen so unless there is some way of freeing those shares—

**The CHAIR:** The shares were given, too many of them.

**Mr HERON:** They were not given because when I—

**The CHAIR:** Yes, they were.

**Mr HERON:** No, because I bought my business for \$40,000.

**The CHAIR:** But the shares that you bought were given to that person.

**Mr HERON:** No, the shares were allocated to me for that business. Those shares should be a property right that I have. I was told when I got those shares that now I have a property right so those shares should be worth more than they have ever been worth before.

**Mr JUSTIN FIELD:** But other people who were not necessarily fishing who were also allocated those shares also consider them a property right?



**Mr HERON:** They might have considered them a property right but if the shares had been issued on catch history then how can you—it is like some guy having a block of units on this side of the road and a guy having a block of units on that side of the road. The block of units on this side of the road he never rents his out, but the guy on this side has a multimillion dollar business and the Government comes along and says, "Okay, we are going to knock down both of these places because we want to put a road through here. I will give the multimillion dollar guy over here \$100,000 and the guy over here, just as a number, \$100,000". It is not really fair. Do you know what I mean?

**Mr JUSTIN FIELD:** Some fishers say, "We have chosen not to fish particular parts of our business so it is not fair for us to be considered latent or inactive and to not have had an equal quota at the end of the day. If we had have known that it was going to be done on catch history we would have gone and actively fished for the last five years." So they also see it as unfair.

**Mr HERON:** It is sort of like someone sitting on the dole and going, "Well I am on the dole and somebody has got a great job over there. I want the same as what he has got." It does not work that way. That is not how life works; you work for what you get. I have learnt over the years that you don't get given anything in life; you work for what you get. This does not help any of what you have worked for. I mean I have worked hard for 20 years and I am quite a good fisherman; there are other fishermen out there that are better and there are other fishermen out there that are worse. I do not have a problem about any fishermen being able to work the days he wants to work. But when the Government comes along and says, "Not only can you work 75 days a year but now you have to work also a 24-hour fishing day", which somebody on this side was talking about earlier. Now these 24-hour fishing days are illegal. Under maritime law you cannot drive a boat for more than 18 hours at a time. If I go out there and drive my boat for 24 hours like DPI wants me to do, I fill in my logbook and DPI checks me. Not only that, when I land on the ramp they will be waiting for me with scales. This is how it is going to roll because this is what I have been told by DPI themselves.

**The Hon. RICK COLLESS:** Who told you that?

**Mr HERON:** By DPI themselves I have been told this is how it is going to roll. We are going to roll up on the ramp with our GPS beacon going—we are pretty easy to spot as it is anyway because we run around with lights on. DPI finds us without a problem. They can find a professional fishing boat very easily, don't worry. Now they want us to have a GPS on there so it is easier for them. So they know when we put the boat in and when we take the boat out. These are going to come in with all the new rules with this reform. Now what is going to happen? They are going to have a set of scales and when I land that boat they are going to say, "How many fish have you got on that boat?" If I come within 10 kilograms of being wrong—say I say there is 470 kilos on the boat but there is actually 500 kilograms on the boat—I get a fine because I did not know the exact amount of fish that was on my board within 10 kilograms each way. The Minister will probably deny that but I can guarantee you that it is going to be a law that will come in, and it is coming in shortly with this reform once this goes through. There are other stupid things coming in too like these penalty points and all these stupid things.

**The Hon. GREG PEARCE:** I have found your submission a little bit hard to follow sometimes. You currently have 125 shares?

**Mr HERON:** Yes.

**The Hon. GREG PEARCE:** And you are in zone 6?

**Mr HERON:** Yes, region 6.

**The Hon. GREG PEARCE:** How many days do you work at the moment?

**Mr HERON:** Around about 150 days to 160 days a year.

**The Hon. GREG PEARCE:** You say that you are going to need an additional 375 shares. What do the 125 shares you have at the moment cover?

**Mr HERON:** That gives me 75 meshing days, 14 days prawning, that is it. So somehow you have to work out when the prawns are going to be there unless they are going to stick their feelers up—

**The Hon. GREG PEARCE:** Don't go off on a tangent at the moment. You then say you need 375 additional shares.

**Mr HERON:** Yes.

**The Hon. GREG PEARCE:** To cover what?

**Mr HERON:** To cover both my prawning, right, which is only 14 days for the 125 shares. I have to go out for the prawning. I have to buy 25 more shares, okay, then for the meshing I need to buy another 125 shares.

**The Hon. GREG PEARCE:** So that gives you 150 days of meshing.

**Mr HERON:** That lifts me to 150 days. Now once I have done that I am now in more debt.

**The Hon. GREG PEARCE:** That is only 250 shares, not 375.

**Mr HERON:** Yes, but the price—

**The Hon. GREG PEARCE:** No. You said 375 you have to buy.

**Mr HERON:** Yes.

**The Hon. GREG PEARCE:** And you have just told me it is 250 that you have to buy.

**Mr HERON:** Yes, I have got 375 because that is what I will need to be able to—

**The Hon. GREG PEARCE:** I just want to get it clear. You have already got 125 so you do not have to buy 375, which is what you have said on page 2.

**Mr HERON:** Eventually I will, yes. This is where I am trying to get to the point.

**The Hon. GREG PEARCE:** Why?

**Mr HERON:** Because the meshing shares themselves are \$100,000 at the moment on the price. To go and buy 125 shares right now is \$100,000.

**The Hon. RICK COLLESS:** Go back to the number of shares.

**The Hon. GREG PEARCE:** No, I am just trying to get clear the number of shares you have got—125 which gives you 75 days meshing. You want to go to 150 meshing so you buy 125.

**Mr HERON:** Yes.

**The Hon. GREG PEARCE:** You then said you need to buy another 125 to cover 14 days of prawning.

**Mr HERON:** No, another 25.

**The Hon. GREG PEARCE:** So that is 150 shares altogether, not 375 new shares.

**Mr HERON:** No, but then I am further into debt because I had to buy those shares.

**The Hon. GREG PEARCE:** That is fine. I just wanted to clear that up.

**The CHAIR:** We are just about out of time. Your case seems to be complex because of what your needs are going to be and also you seem to have made up your mind that certain things will happen in the future. The guts of your submission is really on page 4 where you say what you want the Government to do. The Government could make counter offers to come to an agreement or start a negotiation with both parties willing to accept and allowing small fishers to be able to leave the industry. It comes down to your discussion with the DPI to talk to them about selling your shares to them. Have they told you that they will not do it or are they just ignoring you?

**Mr HERON:** No, they just told me that they were not going to do it.

**The CHAIR:** That they were not going to do it?

**Mr HERON:** This was not going to happen, yes.

**The CHAIR:** I have listened to the Minister this morning and there may well be a circumstance where the Government stands in the market. It does not want to, that is quite right, because it does not want to distort the market. Originally I asked you a question, and this is not a trap, but if you went back to the Government with the same offer you discussed with me and it said, "Yes, okay, shake hands, you have got your deal" would you step out of the industry on that basis or would you prefer to try to come to some sort of arrangement whereby it did not cost you a fortune to stay doing what you are doing now?

**Mr HERON:** If it is not going to cost me a fortune that is not as bad. But basically the whole reform the way it is done, what I am saying is, it is just bad. I could see it getting to this point 10 years ago and that is why I stood up in that meeting and personally said to the members at that meeting—and it was a minuted meeting—"When this reform goes through, does it mean that Joe Blow will be able to use more nets or have more days fishing than me in the future?" They stood up and said, "No, as long as you don't buy, sell or swap

any of the shares you won't ever need to buy any more." Linkage was not apparently going to be guaranteed in the future and neither was access.

**The CHAIR:** In your submission you have given us a list of questions that you would like—

**Mr HERON:** I have actually already sent these to the Minister—

**The CHAIR:** No, I understand that. I am telling you what the Committee will do.

**Mr HERON:** Yes.

**The CHAIR:** One of the members will take these on notice as their own questions and the Committee will ask the Minister to reply to the Committee on these questions.

**Mr HERON:** Yes.

**The CHAIR:** The fact that you put in a submission and you are being open and frank in it, in discussions with the Government over the next 10 days the Committee will suggest that if at all possible the Government should change its tack. In other words, not just say, "No, we are not going to do it" but enter into some negotiations so that you can get an idea of whether some of the assumptions you have made are worth making decisions on or whether you can get some real information. That is not to say you will get special treatment, and all the other fishers are not—

**Mr HERON:** I don't want any.

**The CHAIR:** I understand that but you are obviously very distressed about this, and I would be too given your situation. I will give you those assurances that that is what the Committee will do. We will put an interim report to the Government in about mid-January. The Committee has a pile of questions on notice that the Government will come back to us on. We had a closed door session with the Government this morning—and I will not disclose what was said then—but it does give me the feeling, and I do not know whether other members of the Committee share it, that we might be able to move forward on some of these issues that seem to be causing blockages. The same is for you as it is for every other fisherman that will come before us or has put in a submission.

**Mr HERON:** That is exactly right.

**The CHAIR:** That is about the best I can do for now. You may wish to put further questions to the Committee. If the Committee comes back to you with some further questions, perhaps clarification on what you are asking the Minister, answers to them will need to be given to the Committee within about 18 days.

**Mr HERON:** Yes, that is no problem. I will table the answers that the Minister gave me for the questions I asked. The active and inactive shares that the Government keeps saying, this is my activity statement. I have two inactive endorsements on there. The reason why I have two inactive endorsements on there is that in the DPI book it states:

For each different area fished, endorsement activated and method used please record the effort details and catch in KG. Please note that crew members in the ocean hauling and estuary general fisheries should not record catch taken while assisting the endorsement holder (catch should be recorded against the FB authorising the use of the net).

That means the guy that has a category 1 hauling endorsement takes all of the catch history for a hauling endorsement. So when I go and put my tax returns in for meshing and prawning but I do not put in a hauling endorsement I then get an inactive endorsement, even though I have used the fishery. Okay?

**The CHAIR:** It is just that you have not used the fishery in that particular methodology?

**Mr HERON:** Or because I was told in here not to put in the return I have now been issued an inactive endorsement.

**The CHAIR:** That is another question we can ask the Government.

**Mr HERON:** I have called Mr David Macpherson and talked about this matter. He laughed and told me that he cannot help me at this point.

**The CHAIR:** Perhaps he needs to educate himself. Thank you for appearing before the Committee.

**Mr HERON:** Thank you for your time. I hope it helps.

**The CHAIR:** I am sure it will.

(The witness withdrew)

**TISHA LIMON**, Co-owner Nautilus Fisheries, affirmed and examined

**BRENDON LIMON**, Co-owner Nautilus Fisheries, affirmed and examined

**The ACTING CHAIR (The Hon. Mick Veitch):** Would you like to make a brief opening statement?

**Mr LIMON:** I would like some insight into who we are addressing.

**The ACTING CHAIR (The Hon. Mick Veitch):** This inquiry is being conducted by General Purpose Standing Committee No. 5. We are inquiring into the State Government's commercial fishing reforms. The Committee comprises three Government members: the Hon. Dr Peter Phelps and the Hon. Greg Pearce from the Liberal Party, and the Hon. Rick Colless from the Nationals. There is also Mr Justin Field from The Greens, and the Hon. John Graham from the Labor Party. I am Mick Veitch. I am from the Labor Party and I am also the deputy chair of the Committee. The Chair, the Hon. Robert Brown, from the Shooters, Fishers and Farmers Party, will return to the hearing soon.

**Mr LIMON:** That is good because I have spoken to you on the phone. I would not have known who you were.

**The ACTING CHAIR (The Hon. Mick Veitch):** Would you like to make a brief opening statement?

**Ms LIMON:** We own a small business on the far South Coast of New South Wales. I am a wife and a mother. Other than that we have a small fishing business. We are here today to tell the Committee about how we feel about this process.

**Mr LIMON:** We came here to find out why we are in this situation. I am here to listen to what you have to tell me about the reform process more than anything else.

**The ACTING CHAIR (The Hon. Mick Veitch):** We cannot tell you about the reform process because we are not in Government. Although there are Government members on the Committee, they are not in the Cabinet. We are here to hear about how the reforms are impacting on you. This is your chance to tell us.

**The Hon. RICK COLLESS:** Can you tell the Committee a little about your business—where you fish, what zone you are in, how many shares you have, and the issues you see going forward?

**Mr LIMON:** We have a small commercial fishing business. I have a very small boat operating in a very small State fishery. This seems like a lot of overkill. I live in a small regional town where my mates are plumbers and carpenters and I am a fisherman.

**The Hon. RICK COLLESS:** Where are you?

**Mr LIMON:** On the South Coast at Narooma. We have obviously been thrust into this reform process recently. We have been fishing as owner/operators only in the past five years. I understand that this reform process has been going on since about 1994. This is a small business for me that generates \$50,000 to \$100,000 in income a year. It is very spasmodic. We have been pushed into a big corner having to invest to stay in the industry. We cannot afford to stay and we cannot afford to go.

**The Hon. RICK COLLESS:** How many shares do you have and what type of shares?

**Mr LIMON:** I fish in the line west sector and have trap shares. The minimum shareholding is 40, and come July we will be going to 60.

**The Hon. RICK COLLESS:** You are currently holding 40 shares in that fishery?

**Mr LIMON:** I own 50 shares. The Structural Adjustment Review Committee [SARC] recommendation was that it would be 50 shares. We had a little bit of money and I thought we had got across the line. The Government's proposal changed slightly from the SARC recommendation. Once again, we did not quite get across the line; we fell short.

**The Hon. Dr PETER PHELPS:** Are you talking about the increase from 50 shares to 60 shares?

**Mr LIMON:** It was 40 to 60.

**The Hon. RICK COLLESS:** But you hold 50 now.

**Mr LIMON:** I own 50 shares. The draft SARC recommendation was that we were going from 40 to 50 shares.

**The Hon. RICK COLLESS:** How did you acquire the extra 10 shares? Did you have to borrow money to buy them?

**Ms LIMON:** We had to buy a business to be able to go fishing. You had to have a certain amount of shares attached. At that time it was 40 shares.

**The CHAIR:** The Committee has deemed the commercial arrangements that you have outlined in your submission to be confidential. You do not have to provide that information; you can speak in general terms.

**The Hon. RICK COLLESS:** We do not need to know the amounts, but we do want to know how you acquired them and the process.

**Ms LIMON:** We bought them. We bought a demersal trap endorsement. We originally wanted that, but we started off with a line west. Once the reforms started to move along we realised that we needed to improve our business and our chances of getting fish. We then bought the trap endorsement—that is, the demersal fish trap—and 45 shares. We have recently bought another endorsement which had 40 shares on it and so we now own 85 trap shares and 50 line west shares and we still need 10 line west shares. The 10 line west shares that we bought one year ago cost us \$500 a share. Now, at this stage of the market, you can buy them for \$1,500 to \$2,000.

**Mr LIMON:** Due to the reform.

**The Hon. Dr PETER PHELPS:** Would you agree that inactive fishers should not be holding shares, that shares should be appropriately with active fishers?

**Mr LIMON:** Definitely, but unfortunately there are circumstances for other people. The first person I ever went commercial fishing with, he owned his licence when I was a kid or his father-in-law owned the licence. They still hold the licence today. They do not use it. They have a tuna boat. They have got a great business. Two sons and a daughter own a fish shop and they do not use their line west component. But the potential for them, they would be mad to not have it.

**The Hon. Dr PETER PHELPS:** But at the current time, would they not be mad not to sell it?

**Mr LIMON:** Why?

**The Hon. Dr PETER PHELPS:** Because as you have already indicated, the individual share prices increased by 300 per cent. If they are not using it, why would you not dispose of an asset that has appreciated by 300 per cent in almost no time?

**Mr LIMON:** Because you can make \$100,000 a year as opposed to selling it once off for \$100,000.

**The CHAIR:** I move to the Opposition, Mr Veitch.

**The Hon. MICK VEITCH:** Your submission is forthright. You talk about gross mismanagement essentially of the department, of the reform process.

**Ms LIMON:** Yes.

**The Hon. MICK VEITCH:** We need to get your views about the consultation that has taken place.

**Ms LIMON:** For us personally, we had one port meeting where we saw members from the department once in this whole process when they came and pretty much at that port meeting it was divide and conquer. They gave us options at that stage where certain people, certain licences, would be given a quota. You could have this many days and that many days. And from that point on, that one port meeting divided a lot of fishermen because you could go to the back of the room and have a meeting with one of the managers and they would tell you, according to your activity and how long you had had your licence and how long you had fished for, what quota you would be given or how many days you could work.

After that meeting it did really divide everybody because everybody was, "You are getting this and you are going to get this and how come I do not get that?" When Brendan and I bought in, it was a share fishery. We bought the licence, 40 shares, and that enabled you to go fishing. It did not matter if there was any history—it was "history gone" was what we were told when we purchased the licence. Brendan has worked in the commercial fishing industry for 20 years, so we did know a bit about it. When we called and asked, when we first bought the business, we were told "There is no history".

**The Hon. RICK COLLESS:** When was that port meeting, how long ago?

**Ms LIMON:** I would say it was 2014.

**Mr LIMON:** Yes, three or four years ago.

**The Hon. MICK VEITCH:** With regard to the hotline, we have had a number of submissions refer to this and we have had people give testimony about the effectiveness of the hotline. Did you ever use the department's hotline?

**Ms LIMON:** Yes, I did.

**The Hon. MICK VEITCH:** And what was your experience with that?

**Ms LIMON:** It was not at all a good experience. From the beginning of the process there were managers, and our manager who we were working with at that time was really, really good. But once the hotline came in, it did not work as far as I was concerned. They could not give you the answers and would quite often say, "We would like to tell you but we cannot tell you, we are waiting on the information to be released." It was very difficult. In the whole time Brendan called twice—that was in the last three weeks—and, quite frankly, they were rude to him.

**The Hon. MICK VEITCH:** So when you get written correspondence from the department—

**Ms LIMON:** The written correspondence is always late and I am not sure whether that is that the Minister would announce certain things and the paperwork would not be there to correspond with that, so you are always guessing. But I just want to have it noted that the main source of information I would get is from my local ABC radio. In the morning at 6 o'clock we have a rural report and that is where I would get my information from. Somebody would be saying something and I would call the manager that day. That is pretty much the communication that we have received on the far South Coast.

When we had to go in for the meetings for the share trading, to do the seminar on learning how to use the market and the computer system, we had not even received our pack before we could go to the meeting. So we had to arrive at a meeting without knowing anything. A couple of days later we collected the mail and there was the pack. Obviously, they got the pack there but I would have liked to have had the pack to prepare myself. We got to the meeting and this poor woman was there who really did not explain it correctly to us and she was not from the department and I did feel very sorry for her.

**The Hon. RICK COLLESS:** Where was she from, if she was not from the department?

**Ms LIMON:** She was an agent employed by the department to run through the system. She has her own company that had put in a tender to go and explain certain things such as this.

**The Hon. MICK VEITCH:** A consultancy.

**Ms LIMON:** Yes.

**The Hon. RICK COLLESS:** But she was working on behalf of the department, is that what you are saying?

**Ms LIMON:** Yes.

**The Hon. MICK VEITCH:** Did you take part in the preview trial, the trading trial?

**Ms LIMON:** Yes, we did.

**The Hon. MICK VEITCH:** What was your experience of that?

**Ms LIMON:** It was rubbish. You put a couple of numbers into a screen and that was it. Then with the information, as I said in my submission, if you are wanting to put a range between one and 20 they put a cap on it. So if you are sitting at 40 shares and you have got to put a range from one to 20 but you actually need 20, everything is being too complicated for a lot of us. I do not have a university degree and I am certainly not a stockbroker or somebody who plays the stock market—

**Mr LIMON:** It is pretty easy though, when you need 20 to get from 40 to 60, unfortunately 19 is no good to me. I cannot go fishing with 19. You need 20. The cap is at 20. So how ridiculous, for starters? But that has epitomised the whole thing. It is far too convoluted and sometimes I think we have totally lost sight because there are so many people with so many different things going on. It is a complex thing, do not get me wrong, and I do not know what the right answer is. But the way I would like to explain it is, the Government has come in with a champagne taste on a beer budget. Yes, we have \$16 million—it is a big number, \$16 million. But I think we have lost sight of what we are trying to achieve and it is pretty much to reduce the fishery by at least 250 businesses.

Everyone here is pretty smart—250 divided by \$16 million, whether you have a calculator there, it is about \$62,500. It is not much money, when one breaks it down. I do not know that last bloke, Paul Heron, but when you fish for 20 years—actually, I will have his shares. If you want to offer me shares, I will have them. I

would have jumped at it. He paid \$40,000 for his licence and you are going to give him the shares. Somehow you said the shares are worth nothing or they are a property right or whatever, but you are only offering \$20,000 for the business. He bought it for \$40,000; you are going to give him \$20,000 but the shares are worth nothing. So that is where everyone is at. You have not got enough money.

**The CHAIR:** So that you understand, we are not giving anybody anything. This is a multi-party committee.

**The CHAIR:** This is a multi-party committee. There are political views that go from one side to the other. We need the government to start thinking about the issues you have raised.

**Mr JUSTIN FIELD:** We will come back to that. In the first instance I wanted to ask whether you are members of the Professional Fishers Association [PFA] or Wild Caught?

**Mr LIMON:** No, we are not.

**Mr JUSTIN FIELD:** You say fishermen do not communicate with each other. The DPI should know that, but you seem to be supportive of the establishment of a peak body. Why would you be supportive of that with the starting principle that fishermen do not talk to each other and you are not communicating with the two existing bodies because you are not members? Could you explain your thinking?

**Ms LIMON:** You would be aware, and others have mentioned, the peak industry body should have been developed in the beginning of the reform process. We are moving forward with people. This has brought fishermen together. We are trying to come together. What would have been better is if we had working groups and peak industry bodies within our sectors.

**Mr JUSTIN FIELD:** Within your regions or sectors?

**Ms LIMON:** It is different for estuary fishermen to ocean trawl to ocean trap and line. In the beginning I was reading through everything and I realised I cannot do that, I have to concentrate on what is concerning me. Possibly it would have been better for the department to do it as ocean trap and line, ocean trawl, estuary and then it is easier for everybody to come together.

**Mr JUSTIN FIELD:** I understand. You have decided to make some purchases before the subsidised share trading. If you are prepared to I am interested to understand why you have done that. You have done that before the subsidies are available and you may have paid less. What was your thinking?

**Ms LIMON:** We were frightened that we were not going to get the shares. We are not prepared to pay \$2,000 for one share we paid \$500 for last year.

**Mr JUSTIN FIELD:** You think it will be more expensive through the subsidised market?

**Ms LIMON:** No, I do not. I do not know if I will get the shares through that system. If I buy them now I know they are mine. If I put numbers into a computer on one screen I still do not know if I am going to receive them.

**Mr JUSTIN FIELD:** You are convinced that one of the intentions—the government says this is not the case—is to remove a certain number of businesses, latent effort. That would make the case that the shares would be there and traded through the subsidised program. You are not convinced by that?

**Ms LIMON:** No, I am not. I do not have trust in the government, or whoever is running the system, to guarantee I will have them. I do not have a guarantee if I participate in the share trading that I will get the shares. It has been by luck that we have been able to get them. We had money on a fixed loan amount that came off.

**Mr LIMON:** Can I add, I am a fisherman and I get paid for the fish I catch and I do not even get paid for all the fish I catch. I lose 25 per cent of my catch in commissions getting them to Sydney fish market. For every four fish I catch I get paid for three. Come July next year I cannot make a cent. I have to feed that little kid, my wife, I have a mortgage and car payments. I am not on rock star wages, I do not get super or holiday pay. I get paid to catch fish and supply it to the general public.

You, or someone, has drawn a line in the sand and said I cannot go in six months' time. Would you not get yourself across the line? How far back can we get pushed? How much changed information can we take? It is referred to as a "game" by the DPI. It is not a game, mate, it is our living. I do not have a rich mummy and daddy. This is it, what you see here. No-one is going to come and bail me out, mate. I have to support my family. That is why we bought more shares, because we cannot risk the game that is set up at the moment.

**Mr JUSTIN FIELD:** You mentioned that you need another 10 line west shares. You would have tried to purchase those off market?

**Ms LIMON:** We asked the gentleman—

**Mr LIMON:** We need them, we cannot fish that without them. If we do not get them we have 50 shares—this is where it is getting convoluted along the way. It is a muddled murky mess, as has been said. This is going back a decade. We can tell from the Federal Government telling the State Government to act effective immediately set every State fishery to quota systems where possible. We are far from stupid but we are getting muddled in this one step of a long reform process. Unfortunately, we are all for the reform process to reduce the latent effort.

We can talk about things all day long. This reform process is set up to reduce latent effort. What the department has done has, unfortunately, has let all the latent effort now come back in and be worth a whole lot more money. They took their eye off the ball on this step of the game. There is no going back, it is too late, it is done. You had the Probity Advisor, Mr Elliott, the other day in here and you asked him about the latent effort. As far as he is aware people have to be in the industry to go in the share trading market. Any single person here today could buy a fishing business and therefore be in the industry and go in the share trading market. This is the biggest flaw with what has gone on.

The industry was not shut off and we let the outside world come into the industry, be it Mr Woolworths or Mr Wong, but we have not blocked off and let the fishermen adjust. We let people come in with the possibility to capitalise on the government's purse and they are getting subsidised. Anyone here today can buy in and be subsidised the same as me, or go against me, even though you have not fished a day in your life, it does not matter. Therefore I have to fight against you to get my shares. Unfortunately, you could talk for five years but the simplicity of it is the damage is done. I do not know how you are going to move forward.

**Ms LIMON:** I wanted to add, it was said the other day, why does everybody think that there is going to be 50 per cent of people cut. In the Stevens report it said that the Seafood Industry Advisory Council [SIAC] said they wanted 100 per cent of latent effort removed and 50 per cent of active fishermen. It states it in the report.

**The CHAIR:** The good value of your evidence is that you are not represented by the PFA or Wild Caught. It appears to me that a lot of the people coming to the table with similar sorts of problems, the smaller fishing enterprises, are not necessarily represented. It is good that both you and the gentleman from the Illawarra were able to come in. You have made suggestions in your submission and you asked a few questions. We will put your questions to the Government on our behalf and try and get answers. We are all members of Parliament. The departments stay as governments come and go. Every now and again you have incompetence or corruption creep in. We have seen evidence of that.

The intent of this inquiry is to encourage the Government to come to a position where there will not be any wounded birds left on the sand. Whether we achieve it or not, I do not know. The Government does not have an intention to damage you. They do not want to send you broke, but sometimes the way they stumble around in the room like elephants means people get squashed. Our job is to try and see nobody gets squashed. Given the nature of your submission there will be questions. We are treating your submission as partially confidential, in so far as the financial information you have given us. We will treat that as confidential unless you say otherwise.

Any questions on notice we would like answers to within 18 days. I know you have to put food on the table for your family. If you could get those answers back to us. We have until the middle of January to come back to the Government with thoughts and suggestions on what it might do. We took evidence from the government where it indicated it was prepared to look at a lot of things raised. They are watching on the monitors and know what you are saying and hopefully they are taking account of what is said. We are here to make sure they do. Thank you for agreeing to see us.

**Mr LIMON:** Hopefully someone can watch the government continue on with this. It is great you have done this because it is convoluted.

**The CHAIR:** It is a long sorry story. Our job is to try and get out of it without damaging anybody, or too many people, if we cannot save everybody.

**Mr LIMON:** Thank you to everybody.

(The witnesses withdrew)

(The Committee adjourned at 13:22)