

REPORT ON IN CAMERA 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 10:40 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 (Deputy Chair)

Evidence in camera by the **HON. NIALL BLAIR**, Minister for Primary Industries

Evidence in camera by **SCOTT HANSEN**, on former oath

Mr HANSEN: The Minister flagged three key areas where we have a completely different scenario from our records to what we hear fishers talk about. First, a minimum number of shares at the moment gives you unlimited access to 365 days fishing. We have worked out how many days they have fished to work out what would they need to be purchasing to give them that number of days access, as opposed to a view that I want to maintain a right to go out any day I want for 365 days. Secondly, it is desire versus reality in terms of share prices and what has been seen in the market. Thirdly, we cannot give them a number as to what we think the subsidy per share will be or what the final subsidised share price will be. How that \$16 million is spread across the remaining active fishers is an unknown that they therefore discount and work off numbers without. They are the three key reasons.

The Hon. NIALL BLAIR: Before we go into the examples, can I add that we are first going to target the fishers that need it the most. That may be in a share class where there is the biggest distortion or where the shares are tighter in order to get them up to the minimum level. We have spoken this morning about customising it. We are customising how we provide the subsidy down to case by case, share class by share class.

The CHAIR: To clarify something that Mr Hansen said, you are using the historical number of days they fish to calculate what the catch is, not 365 days. But once it is all over, the number of days they can fish is an input control you will be getting rid of, is that correct?

Mr HANSEN: In some fisheries.

The CHAIR: Which fisheries will still have a number of days?

The Hon. NIALL BLAIR: Some have days and some have quota. In some it will be days.

Mr HANSEN: We can give you a breakdown.

The CHAIR: Why would they not all be quota?

Mr HANSEN: They are multi species and it is impossible to move away from days.

The CHAIR: Such as the estuary fishing?

Mr HANSEN: Yes. We have not just taken what they did last year, we have taken the highest number of days fished in the last five years and used that as the minimum. In many of the cases in the final Structural Adjustment Review Committee [SARC] report, and the Minister's announcement post that, we have tried to factor into those numbers the issue of under-reporting by moving numbers to assume some under-reporting

The Hon. RICK COLLESS: How do you apply that subsidy? How is the value of that subsidy going to be worked out?

The Hon. GREG PEARCE: Perhaps you can explain the algorithm and how it is going to be applied? That is what is giving everybody the trouble. I am not a stupid person but I have read the pamphlet that the Department of Primary Industries has put out and—

The Hon. MICK VEITCH: That is the problem.

The Hon. RICK COLLESS: And when does the subsidy get applied? You cannot tell us whether it is in round one or round five?

Mr HANSEN: That is because between round one and round five there is not any final transfer of funds or money until whatever the final round is. So whenever the final round is, that is when the actual subsidy is actually applied and that is when it actually kicks in to level out. The algorithm is written in a way that it first of all prioritises those fishing classes in which the biggest deficits sit—in other words, the biggest gap between the number of shares that the active fishers as a whole need to be able to continue fishing at the level they are fishing. What it tries to do is to minimise the gap between sale offers and bid prices between the active fishers and those who are selling. So it does just allow that to resolve itself and then say, "We will pay the purchase price on behalf of those." It actively tries to work out at what subsidy on top of a bid price or what subsidy to subsidise a sell price—

The CHAIR: Will the deal close?

Mr HANSEN: —can we get a close price? Once you get the close price, it then applies it across that category.

Mr JUSTIN FIELD: I sense that could mean that some fishers who have applied for a subsidy for a purchase could get shares for significantly less than people who are currently buying them on the open market?

The Hon. NIALL BLAIR: Absolutely.

Mr JUSTIN FIELD: Is that not just a recipe for increasing the degree of division within the industry? Some people have made some pretty bad investment calls and they are going to have to live with that; that is their call. But the confusion and uncertainty had led to that. It is sort of a last man standing game here.

The Hon. NIALL BLAIR: We have been absolutely open that we will be subsidising active fishers. Unfortunately, and I will be critical here, some of the people who are representing other fishers have personally been buying shares themselves or looking after themselves and then telling other fishers either not to buy or to buy, providing advice. We have been consistent and open in our commentary around this that we will be subsidising active fishers. Unfortunately, there has been panic buying.

Mr HANSEN: I would acknowledge though that the seven regions do not necessarily correspond to Indigenous fishing areas and further consideration could be given to the continuation of permits in certain circumstances to try to reflect the fact that the regions are a construct from us, not necessarily their traditional fishing—

The CHAIR: Can I just clarify that? Are you saying that you would be prepared to extend the closing date of the permits in zone 3?

Mr HANSEN: We think it would be a worthwhile conversation for us to have with him, yes.

The Hon. GREG PEARCE: Can we take that as out of privilege?

Mr HANSEN: That is certainly a topic that is on the table for us as we work through.

The Hon. GREG PEARCE: That is one that is close to our hearts.

The CHAIR: We cannot divulge that to him at the table though.

Mr HANSEN: No, but we are happy to reach out to him and have that conversation.

The CHAIR: Within the next six days?

The Hon. NIALL BLAIR: We would be happy for that aspect of our testimony to be made public that we would be willing to engage and give further consideration to the continuation of permits in certain circumstances for Aboriginal fishers.

The CHAIR: If we put it that way.

The Hon. MICK VEITCH: Using those words?

The Hon. NIALL BLAIR: Yes.

The CHAIR: Without being specific to him.

Mr HANSEN: Yes, that is right.

The Hon. Dr PETER PHELPS: But surely with the object of moving towards—

The CHAIR: —resolution?

Mr HANSEN: Yes.

The Hon. Dr PETER PHELPS: Moving towards the ending of the permit system.

Mr HANSEN: The grandfathering of the permits has always been said would be finishing; we gave notice from five years ago through to now. We do know that there is at least one case which we are going to hear this afternoon in which preparation has not been made to move off the permit system and to continue operating. We do, however, acknowledge the fact that the regions that are constructed are largely our construct, Fisheries construct, as opposed to traditional cultural fishing areas and maybe there is an opportunity for us to work with Indigenous fishers to come up with an alternative arrangement as we move forward. And that could include the continuation of permits in circumstances while we find a permanent solution.

The CHAIR: In other words, I assume the Minister is saying it will not be a further five-year grandfather, it will be to the date when the rest of it can be resolved and those permits become shares?

The Hon. NIALL BLAIR: I want to clarify it. We would like to move away from permits. We would like the fishers to be operating under the same—

The CHAIR: rules.

The Hon. NIALL BLAIR: However, we understand that in the case of the Indigenous fishers and the lines that we have drawn as regions and their traditional regions may not marry up. In order to get an Indigenous fisher onto the same rules as everyone else they would need to move towards a shareholding in that other region that we have on paper. That has not happened to date. We are willing to work with that fisher and look at what we need to do as an interim measure to allow him to continue doing what he is doing and work with that fisher

to then see how we can resolve that issue in the future, which may not result in him having a permit but may move towards a shareholding.

The CHAIR: Who would Mr Saunders approach if he wished to talk about it?

Mr HANSEN: It would be Dr Geoff Allan.

The CHAIR: The director?

Mr HANSEN: That is right. The one thing that we would also on record be happy to put is the fact that additionally the specific trust that the Minister mentioned before, namely the Aboriginal Fishing Trust, could also be one of those mechanisms that we use in those discussions about a longer term solution to move away from the permit system.

The Hon. GREG PEARCE: That trust is meant to have \$4.5 million. Is that right?

Mr HANSEN: It is an aspirational goal. I will say I have spoken to the Commonwealth about if it has some money it could be put towards it as well.

The Hon. GREG PEARCE: The funding is meant to be from the State.

Mr HANSEN: Basically we see the opportunity for a tripartite relationship between the Aboriginal Land Councils with State Government and Federal Government in terms of initiating the capital within the trust.

The Hon. GREG PEARCE: We would like to see that happening faster than slower.

The CHAIR: Yes, that will obviously perhaps be one of the Committee's recommendations. Finally, Minister, do you want to put anything else on the table?

The Hon. NIALL BLAIR: Nothing in this closed session.

The CHAIR: We will get the transcript to the department and to the Minister quickly just so there are no mistakes.

The Hon. NIALL BLAIR: Yes, that is fine. I think there is real benefit in some of what we have said being made public.

(The witnesses withdrew)

(Evidence in camera concluded)