

**Submission
No 55**

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

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**Submission for the New South Wales
Commercial Fishing Inquiry**

Attention:

General Purpose Standing Committee No. 5

Parliament of New South Wales

SYDNEY NSW 2000

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Introduction

The State government and the Department of Primary Industries are in the process of implementing a reform to the NSW Commercial fishing sector. More so, there has been evidence of rejection of the process from the majority of industry. Hence, the following submission will outline the terms of reference for the General Purpose Standing Committee, focusing on issues relating to our individual business, and our local area, both socially and economically. Peer reviewed scientific reports will be referred to, underpinning evidence from state and international fishing sectors, that have demonstrated the social and economic issues, that will result from the implementation of this reform, and thus effecting individuals and local coastal communities particularly in region 4 north.

a) The history of commercial fishing in New South Wales, including reforms to the industry since 1994,

The NSW Government enacted the Fisheries Management Act 1994. This was primarily to introduce a share management scheme that would provide a defined, secure and tradeable property right across all fisheries. Fisher's catch history contributed to the allocation of shares (AgEcon, 2015).

According to Wilkinson (2013), the Act envisioned a consolidation of industry. Shares were issued to those that were eligible to take fish in that fishery; those that had "catch history". Hence, shares could be traded and therefore they were always worth something.

Lobster and Abalone were the only two fisheries that came under the share management arrangements, and the remainder declared as 'restricted fisheries' in 1997.

Most other fisheries were declared share management fisheries in 2004 and in 2007, and shares which entailed fishing rights were distributed to fishers (AgEcon, 2015). The basis for the issuing of shares varied among Management Advisory Committees (MAC), but shares were mainly allocated on a flat (equal allocation of shares) basis with no or only partial recognition of catch history. Shares were not linked to output (catch) or inputs (gear/time). This was a culmination of industry demand and what Stevens et al., (2012) refer to as Government failure during the share allocation process.

The foremost management use of shares has, until now, been in relation to setting minimum shareholdings for fishing businesses to fish in different share classes. Further, according to the AgECon report (2015), the significant driver for continued reform process is long term economic viability of the fisheries as most fish species appear to be sustainably fished according to scientific reports (Stevens et al., 2012).

The industry, particularly in our area (Region 4 north) has worked well on a social level between fishers and the community, and fishers in our area are economically viable (refer to section (e) iii for

impact to our area). Hence, our coastal community thrives on the fishing industry, as our town boasts a high level of tourism, and an extremely viable co-operative, that flourishes from the influx of tourists and local people. The fishermen in our area are viable, they work well together, and the implementation of the reform will not only affect our local economy, social issues will result from the strain of fishing families losing money, the co-operative losing fishermen, and related businesses associated with the industry will also be affected.

Commercial fishing licences numbers have dropped from 3,259 in 1984 to less than 1000 since the 1980s (Wilkinson, 1997). NSW already imports over 85% of seafood from other jurisdictions and overseas. Some products from overseas are extremely bad for the consumer's health, as they are handled in unhygienic areas. More so some products contain antibiotics; some products are produced by slave labour, and some are from areas where fish are not so sustainable.

Australia has the smallest area of fishing and a large amount of people to feed. According to Tanya King (2016) there are 22% of recreational fishermen, less than 1% of commercial fishermen, therefore there are less than 1% of commercial fishing operators that provide food for the remaining 78% of people in Australia. Many recreational fishermen also buy seafood. Furthermore, they also need commercial fishermen to buy bait. That means that the 78% of people in Australia that rely on commercial fishing will be much higher. However, there are less than 1% commercial fishermen at present to do this and the reform will reduce that percentage even more.

The population is growing in Australia, and fresh seafood should be promoted as it is important for our diets and high in omega-3 fats, Vitamin D, and Iodine (King, 2016). Sustainability is not an issue. Viability is not an issue. Our personal case study proves the aforesaid statements. So why reform?

The objects of the 1994 Act are important, and should be taken into consideration along with scientific evidence. For example:

(g) to provide social and economic benefits for the wider community of New South Wales

It is important that the Minister and the DPI take into account the social and economic effects that will result from the reform. More so, that our industry is highly valued in coastal communities, seafood is imported at a percentage above 85, and fishers are being further reduced. For further explanation, please refer to section (b) and section (e) (iii) in the following submission.

FISHERIES MANAGEMENT ACT 1994 - SECT 60

60 Making of [plan](#) by regulation

(1) A [management plan](#) for a [fishery](#), or a [supporting plan](#), including any amendment or new [plan](#), is to be made by a regulation.

Where are the regulations written for the recent changes made by the DPI in July 2016? Why have only some adjustments, such as permits for hauling with an unendorsed crew member, and extra crab traps been introduced and approved by the DPI? This does not appear to be legal. After looking at the legislation, it is still written as of 2006 (Fisheries Management (Estuary General Share Management Plan) Regulation 2006).

SCHEDULE 1 – Guidelines for the preparation of [statutory rules](#)

(Section 4)

1 Wherever costs and benefits are referred to in these guidelines, economic and social costs and benefits are to be taken into account and given due consideration.

This is not happening as there are economic and social impacts that will eventuate from the implementation of the reform, particularly in coastal communities and for small businesses.

2 Before a [statutory rule](#) is proposed to be made:

(a) The objectives sought to be achieved and the reasons for them must be clearly formulated.

(b) Those objectives are to be checked to ensure that they:

- are reasonable and appropriate, and
- accord with the objectives, principles, spirit and intent of the enabling Act, and
- are not inconsistent with the objectives of other Acts, [statutory rules](#) and stated government policies.

(c) Alternative options for achieving those objectives (whether wholly or substantially), and the option of not proceeding with any action, must be considered.

(d) An evaluation must be made of the costs and benefits expected to arise from each such option as compared with the costs and benefits (direct and indirect, and tangible and intangible) expected to arise from proceeding with the [statutory rule](#).

(e) If the [statutory rule](#) would impinge on or may affect the area of responsibility of another authority, consultation must take place with a view to ensuring in advance that (as far as is reasonably practicable in the circumstances):

- any differences are reconciled, and
- there will be no overlapping of or duplication of or conflict with Acts, [statutory rules](#) or stated government policies administered by the other authority.

3 In determining whether and how the objectives should be achieved, the [responsible Minister](#) is to have regard to the following principles:

(a) Administrative decisions should be based on adequate information and consultation concerning the need for and consequences of the proposed action.

(b) Implementation by means of a [statutory rule](#) should not normally be undertaken unless the anticipated benefits to the community from the proposed [statutory rule](#) outweigh the anticipated costs to the community, bearing in mind the impact of the proposal on the economy and on consumers, members of the public, relevant interest groups, and any sector of industry and commerce, that may be affected.

(c) The alternative option that involves the greatest net benefit or the least net cost to the community should normally be chosen from the range of alternative options available to achieve the objectives.

4 A [statutory rule](#) must be expressed plainly and unambiguously, and consistently with the language of the enabling Act.

“It is obvious that there has been a lack of consultation with industry and the public since the 1994 Fisheries Management Act was introduced. The public are crying out for fresh seafood however we import more than 85% and the government still endeavours to reduce the number of commercial fishermen” (Anonymous, 2nd December, 2016).

It is understood that the reform process has been ongoing for more than 20 years. We also realise that corruption was involved within the political parties that have tried to implement this reform over the years, for example, by Fisheries Ministers Eddie Obeid, and Ian McDonald.

My husband, Peter Ragno, held a position for two terms consecutively on the Estuary General Minister Advisory Council (MAC) and the Ocean Haul MAC. Whilst he was on the aforesaid committees, he was approached by other fishers who asked him if he wanted his business to have 2 meshing nets or an extra ball in the prawn draw. He declined and pointed out that it would not be feasible in a one man business. (See Appendix 1, Statutory declaration). However that is not the basis of my arguments against this reform, so please read further for the scientific, social and economic issues that will impinge on individuals, the communities, and the wellbeing of people in the state of NSW.

b) The value of the commercial fishing industry to the New South Wales economy,

According to the DPI website, commercial fishing homepage:

The NSW wild harvest commercial fisheries

The NSW commercial fisheries are carefully managed. The resource is shared amongst over 1,000 commercial fishers who catch fish for the whole community to enjoy. The industry has recognised the challenges in making fisheries sustainable and has led many of the changes introduced to improve environmental performance.

The NSW fishing industry is primarily made up of small family businesses that rely on high levels of local knowledge and skills learnt over many generations. These businesses use some of the most environmentally sound technology available, such as world leading by-catch reduction devices, and operate under stringent controls regarding their fishing times, seasons and equipment. The industry is constantly striving to improve its environmental performance and contributes millions of dollars each year to research and compliance programs.

The Minister has said to various numbers of media channels, such as radio and in the newspaper, that we do not have a sustainability issue. I have recordings of this if you need further clarification.

The clean and green reputation of the whole NSW seafood industry depends on fisheries being viable, profitable and sustainable. The industry underpins the economy of many coastal towns providing wealth and employment in places, and at times of the year, where there is little other economic activity (Barclay & Voyer, 2016).

According to the findings of the research (Barclay & Voyer, 2016) federally-funded by the Fisheries Research and Development Corporation the value of the NSW Commercial fishing industry to the economy is:

- The general public in NSW believes it is important that seafood continues to be produced in NSW (94 per cent agree), and the desire to support local economies is their main reason for purchasing locally produced seafood (96 per cent);
- 89 per cent of NSW residents expect to eat fresh local seafood when holidaying on the coast, 76 per cent say it is an important part of their coastal visit experience;
- 60 per cent of professional fishers have helped out with search and rescue operations in estuaries and coastal waters;
- 96% believe buying local seafood is better for their local community;
- Fishing both professional and recreational are part of many towns heritage;
- 78% of recreational fishers across the state prefer local bait.

A further quote by Barclay and Voyer (2016):

“Australia is a world leader in maintaining healthy marine resources; but right now we are limited in predicting how a serious decline in professional fishing would affect the economic and social fabric of many coastal communities.”

The fishing industry has recently been cited to produce 436 million dollars for our economy AND employing some 3290 people across the coastal communities of NSW (Barclay & Voyer, 2016).

c) The scientific research underpinning fisheries management,

There is currently less than 1000 fishing businesses in NSW and the Department of Primary Industries are implementing a reform that will force fishers into selling either their business or endorsements, and will further reduce the commercial fishermen to a number even less than that. More so, the State continues to import more than 85% of seafood from other jurisdictions and overseas. Fisheries management have obviously looked at scientific evaluation of the introduction of individual transferable quota (ITQ's) in higher valued single species such as lobster and abalone, however they have not taken into consideration the effects of implementing total allowable catch (TAC's) in a fishery that comprises of lower price products and are multi species. Hence, the following section will outline evidence from peer reviewed scientific articles on an international level, that outline that such an implementation will not be successful.

According to Peter Ragno (personal communication, 1st December, 2016):

“Multi species or multipurpose fishing keeps the industry sustainable. Catch history keeps the industry sustainable. A person may own 30 prawn endorsements and lease them out however that will not keep themselves or the fishermen that are leasing the licence sustainable or economically viable. The prawns might not be there and therefore they will be economically disadvantaged as that is what they are putting their money into. Hence they might have a bad year for prawns and therefore what will the person do to get return on their investment as they are only focusing on one or two species. As a result, multipurpose fishing allows the fisherman to move from one species to another without draining the resource from focusing on one particular species ...”

According to Morgan (2001), the technique of managing TAC's combined with practical complications of **the enforcement and monitoring of TAC's has resulted in a poor record in optimising the economic performance of fisheries and in achieving fish stock sustainability.**

Moreover, economic, financial, social and biological issues need to be considered when setting a TAC.

“The harmonious environment that is in our area will be devastated by fishermen being forced to focus on one or two species rather than multi species in which the fishermen in our area have previously had a ‘place’ in the estuaries, the introduction of quota will force them to fish a particular product to its limit rather than move on to another species and let that species replenish. Hence they will not have another species to move on to as they have invested in more quota for one particular species”. (P. Ragno, personal communication, 1st December, 2016).

According to Morgan (2001), this will in turn result in the mortality of lower price product, the exploitation of higher price product, and competition between fishers for higher price product will cause tension as they will have to focus on higher price product to get a return on their investment rather than having the option of all species that their catch history had previously allowed.

Aside from the issue of resource sustainability, key issues arise in addressing allocation issues. One which regularly lacks attention by Governments, is the impact of allocation decisions on individual fishing operations in a commercial fishery, and other stakeholder groups. Decisions on allocation directly affect fisher’s income and expenditure and information regarding such financial impacts is an important data requirement in any allocation method (Morgan, 2001; Sumaila, 2010).

Morgan (2001) outlines the issue with the Gulf St. Vincent shrimp fisher in South Australia. A decision was made to re-allocate resource to a smaller amount of operators. However, the decision was made without taking into consideration any financial analysis of the effects of levies on individual operator’s economic performance resulting in operators having difficulty meeting levy payments. The result was an unsatisfied industry with marginal or negative profits.

“The department has allocated us 1600 kilos of blue swimmer crabs...we normally catch around 4 to 5 tonne each year, and each year the catch is increasing so they are more than sustainable...” (P. Ragno, personal communication, 1st December, 2016).

Morgan (2001) quotes that:

“The determination of what is an ‘appropriate’ TAC is usually underpinned by a desire to ensure long-term sustainability of the particular fish resource but, beyond that, there has usually been no explicit consideration (apart from socio-political objectives) as to the impacts of various TAC levels (or the way in which the TAC is allocated) on overall economic performance of the industry, financial impacts on individual operators, etc. In some instances, although such occasions are still the exception rather than common practice, economic and financial information is assessed in determining TACs but the integration of these data and the biological processes which determines the productivity of an exploited fish stock is usually not considered.”

The DPI have issued catch quota based on catch history, however not taken into account the amount that we do catch, for example blue swimmer crabs, (approximately 4 to 5 tonnes) and consequently have shared our catch history with other estuary general trapping endorsement holders in the region, some of which do not even catch blue swimmer crabs. We have now been allocated 1600 kilos. This is unfair as we are now expected to buy back the amount that we previously catch; we are expected to outlay money for no extra financial benefit.

Once again I will reinstate that our debts are based on what we currently earn. To go into further debt for no extra money is absurd, considering that fees are increasing and not decreasing and therefore there is no real incentive. Morgan (2001) backs this up by outlining that due to the way that most allocation decisions are determined, the process commonly results in an often substantial windfall gains to those that are successful in the allocation process. That is those that have gained

kilos of a species however do not normally catch that particular species. With considerable rewards at stake, impediments within the initial allocation of TACs have commonly lead to legal action or severe discontent over the allocation process.

Morgan (2001) states that quota monitoring systems work significantly well in **single species** fisheries, however in **multispecies fisheries it presents more problems**. Problems are demonstrated associated to the operational and enforcement difficulties of setting quotas for species that may be caught concurrently. An example of this is in the European Union (EU) where operation difficulties have arisen due to the setting of quotas for a multispecies fishery has ignored the practicality and reality of the harvesting process. Hence the implementation of quota on multispecies fisheries led to issues such as illegal landings and the discarding of fish that would be otherwise saleable, due to the quota for that particular species already reaching its limit. Individual quotas were implemented for 3 species amongst approximately 500 fishing vessels. Fishing inspectors were not able to enforce compliance and hence resulting in an excessive amount of illegal landings and subsequently a political crises.

The reason that compliance and operational difficulties arise in multispecies fisheries has been associated with inadequate institutional arrangements (Morgan, 2001). An example of this is with the European Union where the policy and quota setting practices are divorced from the input of industry and the participation of industry. Thus leading to unworkable quota management arrangements, in particular for the multispecies fisheries. Issues arise such as by-catch in fisheries such as meshing and setting where they will catch blue swimmer crabs in their nets, however if they have reached their quota of 140 kilos the species will more than likely be discarded. If there is no incentive than fishers will also target higher prices products and once the quota is filled product will be discarded if caught in the nets. As it stands, multispecies fishers do not need to focus on reaching a quota, all product is caught due to availability and consequently left alone to replenish rather than

if focusing on the one product the catch will be maxed out. It is further outlined by Morgan (2001) that potential problems such as this are significant in multispecies individual quota managed fisheries, and will result in issues of enforcement and inspection being extremely difficult.

Such problems need to be addressed by bringing policy and regulatory bodies to the table with the fishers who have practical operational knowledge of the fishing industry. This is largely because generational fishermen have an insurmountable knowledge of the environment that they have worked within for most of their lives and they employ that knowledge that has been passed down from generation to generation, to keep their working place sustainable and so that they can run a viable business. Furthermore, our bank manager and accountant have both said we run an excellent business and that going through this process will make us unviable.

Lastly, the history of quota management demonstrates that management of fisheries resources exclusively by TAC methods does not result in effective stock conservation or in optimum economic utilisation of the resource. Where TAC has been the primary method of management, harvests and stocks have been identified as significantly declining in quantities. This has been validated by examples of British Columbia, Europe and Iceland, where herring stocks were not prevented from being subjected to a major collapse in stocks.

"I am a 4th generation fishermen and my family have sustainably been fishing this area since 1891. Our estuary consists of multipurpose fishermen. If quota or effort is introduced, it will cause a major shift in effort, which will lead to a sustainability issue, a conflict issue, and a discard of saleable product" (P. Ragno, personal communication, 7th December, 2016).

The chart below demonstrates the fluctuation of a species. Some years if it is dry there are less prawns, therefore multipurpose fishers will focus on blue swimmer crabs. If quota is placed on the species, it will result in a huge increase in effort. The chart also demonstrates that the blue swimmer

Case Study 7 – Blue Swimmer Crab for Wallis Lake Fishermen’s Co-op

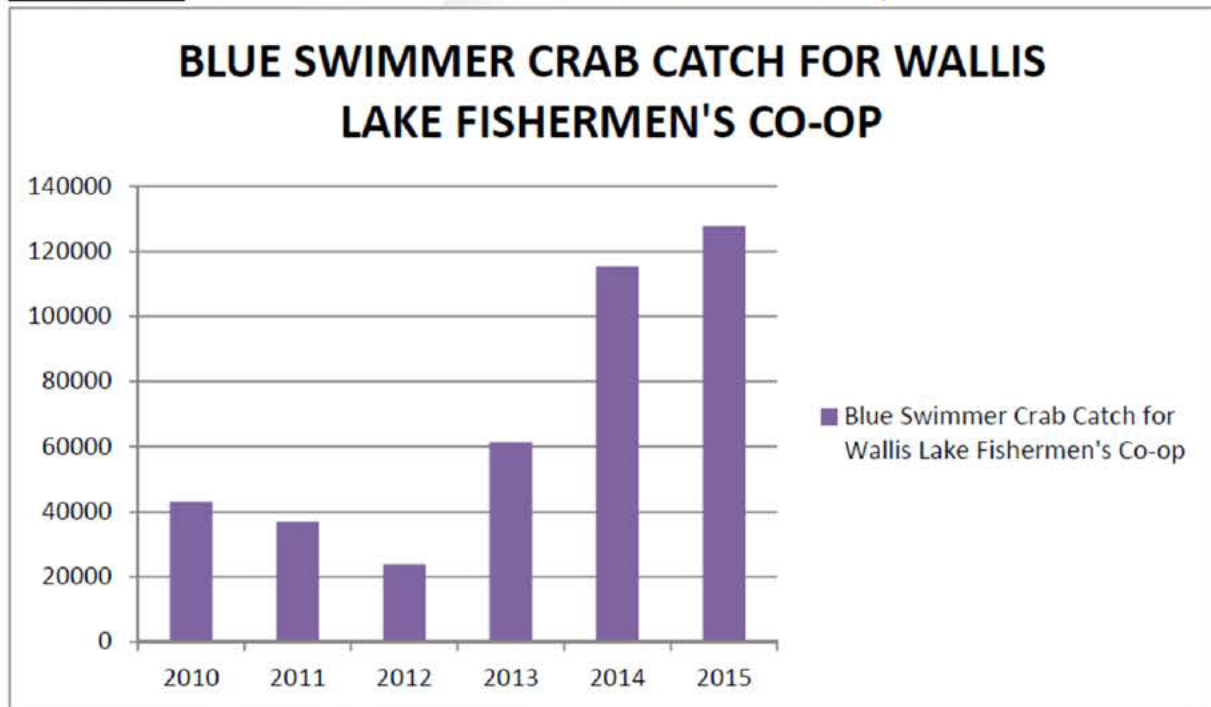


Chart 1: Blue Swimmer Crab catch for Wallis Lake Fishermen’s Co-op

crab species is thriving in Wallis Lake, and therefore is currently not a sustainability issue. (Please refer to Appendix 8 – letter to Scott Hansen from DPI. Please note he has not responded and had another manager Alex Wells respond to my letters. Letters also sent to Geoff Allan and David McPherson were not responded to by them personally).

d) Current arrangements for the assessment of fisheries by the NSW Department of Primary Industries Fisheries Resource Assessment Unit,

Consultation with industry has been widely criticised by fishers (refer to appendix 3 - WCFC minutes). Further, according to the report by McKoy and Stokes (2016), the present reporting arrangements are limited by data, and are open to issues regarding consultation, engagement and quality assurance. More so, the present assessment framework is constructed to provide only exploitation status characteristics, and no future seeking analyses are done to allow decision makers to credibly consider TAC or TAE options, or changes to input control, in regards to sustainability

outcomes. The catch and effort data are not reliable, which in turn undermines the propensity to characterise the exploitation status. Hence it is noted that to manage TACs or TAEs and confidently demonstrate to shareholders, the effort and catch reporting needs to be accurate.

McKoy and Stokes (2016) further outline that it is noted that there is a vague determination of the current status of reporting. It does not meet management needs or public communication and stakeholder needs. It is hard to interpret in some parts and particularly do not relate to the needs of management, their performance or science performance. Hence a communication strategy is needed to induce a design of a more contemporary format that will communicate to defined audiences.

Lastly, fragmentation appears in the planning for research assessments and research in support of management. Planning for research needs to include short and long-term fishery management requirements, budget and resource requirements and questions resulting from the assessment processes. Consequently fishery management requirements show no evidence in that they are effectively addressed in research planning and prioritisation in NSW. The only management requirements are a statement regarding exploitation status.

Recommendation:

The McKoy and Stokes (2016) report also outlines recommendations for the current resource assessment framework. Therefore I highly recommend that the report be read and the recommendations taken into consideration.

e) The New South Wales Government's Commercial Fisheries Business Adjustment Program

and its aims, including:

(i) The relevance of the Draft Productivity Commission Report into Marine Fisheries and Aquaculture,

According to the Draft Productivity Commission Report into Marine Fisheries and Aquaculture (2016), wild catch fisheries in most jurisdictions need to be better managed so as to reduce unnecessary costs and ensure that the community gets maximum value from its resources. Particular concerns include:

- the cost of fisheries regulation and management relative to the value that can be gained from fishing given the likelihood of ongoing catch constraints
- the outlook for the commercial fishing industry, where there are concerns about the slow pace of reform in some jurisdictions and the impact of fisheries regulation on competitiveness, investment and innovation
- relatedly, that the management of some (mostly commercial) fisheries spanning jurisdictional borders is ineffective and inefficient due to multiple and sometimes inconsistent regulatory regimes
- the adequacy of current fisheries management regimes in dealing with community expectations and preferences for the use of fishery resources
 - including concerns about the impact of the recreational sector on fishing stocks, with catch now estimated to rival or exceed commercial catch for a range of key species; in all probability, this will increase in future with population growth and utilisation of new fishing technologies
 - there is longstanding concern that Indigenous customary fishing is insufficiently recognised in states' fishery management regimes, an issue that should be taken out of the too-hard basket

- that decisions on where fishing can occur and by whom are being made in an arbitrary way in several jurisdictions, with significant impacts on current users.

The jurisdictions that are at the forefront of using ITQ systems are generally those that most suffered from over-fishing and/or have a significant number of higher-value fisheries — the Commonwealth, South Australia and Tasmania. Other jurisdictions continue to manage most of their fisheries through input controls, although some are undergoing or have flagged future reform (New South Wales and Queensland). However, all jurisdictions have retained some input-controlled fisheries because of the perceived value (on the part of fishers) attaching to existing entitlements. ITE systems are used at low levels (Draft Productivity Commission report, 2016).

According to the Draft Productivity Commission report (2016), the use of ITQ systems include concerns about their relatively higher administrative costs. ITQ systems, when in place, require more sophisticated monitoring systems. Moreover, they involve transitional costs, including the revision of business models for fishers, because ITQ systems require the imposition of explicit, usually lower, limits on catch and dissolve existing rights to fish in favour of new, tradeable, rights. This may have flow-on impacts on supplier businesses, local employment and communities. However, such impacts are, to an extent, both necessary and unavoidable, with the alternative being continuing decline in sector competitiveness and value.

The higher cost of ITQ systems suggests that they are more suited to high value fisheries. ITQ systems can be challenging to implement in fisheries where multiple fish species are targeted and for fish that have highly variable annual recruitment (where the amount of growth in fish biomass bears little relationship to the previous year's fish stocks).

The Commission has been advised that, at a practical level, any restructure of rights without compensation will be unworkable. However, the fees from DPI are increasing, and therefore resulting in economic problems for fishers.

According to the Draft Productivity Commission Report (2016):

*“Governments implementing reforms that fundamentally alter the nature and mix of entitlements for commercial fishers **should consider trading systems that allow some conditional bidding.** This would allow fishers to make their offers conditional on a desired outcome — such as the ability to sell all of their entitlements or to purchase a minimum package of rights. **Without the ability to make conditional offers, commercial fishers may be unable to purchase enough entitlements to support the viability of their business, or to exit the industry.** Either situation risks an increase, or continuation, in latent effort and inefficiency (at least in the short run)”.*

This is not happening in the share trading auction, however was recommended by Professor Jacob Goeree (2015). A further report on the recommendations of Professor Goeree is attached (refer to Appendix 2). More so, we entered a trial mock share trading auction. To this day the DPI has not given us any feedback whatsoever. Consequently, we are expected to enter an auction with no idea about whether the shares are there or how much they are going to cost. How can we make any future business decisions when there is a vast amount of important information that is not disclosed to us?

The Draft Productivity Commission report (2016) states that governments should move each of their fisheries to ITQ management **unless it is demonstrated that this is technically impractical or not cost effective for the individual fishery.** This will not be practical or cost effective on any level.

This will only work if effort is based on catch history and not shared among fishers so that fishers will have to buy their effort back to do what they currently do now. Further it has stated in many reports

that there is a lack of reliability regarding catch and effort data (McKoy & Stokes, 2016; Saul, 2015). More so, it is outlined that the method in which shares were issued were considered an “administrative failure” leading the industry to the current situation that it is facing (Wilkinson, 2013). Management fees are increasing to recover costs however we are constantly faced with the DPI not being able to answer any of our questions, and the cost increase give fishers no incentive to participate in changes, they are just faced with more fees and hence pushing them towards economic struggle (Please refer to Appendix 4).

Recommendation

It should be recommended that the DPI have a full audit on the positions held by management and staff and what those positions entail. A full costing of how much the department costs to run and financial allocations to studies and what the studies entail should be provided to fishing businesses each year. A change in the lack of transparency and lack of communication from DPI is also vital to the industry.

“All governments have their own, separate marine fishing laws, reflecting the particular objectives and management preferences of their jurisdictions. All jurisdictions, however, aim to utilise fish resources in a manner consistent with the principle of ecologically sustainable development. Other objectives range from promoting the value of fisheries (whether to specific or all sectors) to promoting safe fishing practices.

Given the large costs of irreversible environmental degradation from overfishing, governments now err on the side of sustainability when making regulatory decisions.

For example, the National Strategy for Ecologically Sustainable Development suggests the following definition: ‘using, conserving and enhancing the community’s resources so that ecological processes,

on which life depends, are maintained, and the total quality of life, now and in the future, can be increased' (Ecologically Sustainable Development Steering Committee 1992)".

The Minister has stated on a number of occasions that this is not a sustainability issue (Landline, 2016). Fishermen are sustainable as they need to look after the environment that provides them with an income. For an explanation of how the TAC system will affect multispecies fisheries please refer to: **(c) the scientific research underpinning fisheries management**

Recommendation

The relevance of the Draft Productivity Commission Report into Marine Fisheries and Aquaculture needs to be discussed in consultation with industry members, in particular the members of the Wildcaught Fisher's Coalition. This is necessary as the fishery elements that are relevant in NSW and in each particular region of NSW differ greatly from other states, territories and Commonwealth issues financially, economically and sustainably. We do not have a sustainability issue at present however the reform has the potential to result in sustainable issues in some regions that differ from other regions in climate, productivity, and species particularly the multispecies fisheries. Economic and social issues will result from the reform particularly in our area as our community is a coastal fishing community where consumers and tourists rely on fresh seafood and travel to our area to enjoy our fresh product. Hence it is recommended that the reform process be put on hold or stopped so that all issues can be considered and further study undertaken regarding the effects that will arise socially, economically, and sustainably from the implementation of the reform.

(ii) The implementation of the restructure to date,

There is a huge concern due to the unequal political, social and economic treatment of fishing families. This is demonstrated from the decisions that have been made that can be traced back to a few that are firstly politically advantaged, secondly economically advantaged, and however not socially advantaged. This is shown as certain people have held positions on the committees that are supposed to consult with industry, yet industry feels that they have only consulted their own issues, wants and needs and that is the only thing being heard.

. There are some references to this in the Stevens report and how the current changes of July 2016 such as taking an unendorsed crew member hauling is now allowed, although the regulations have not been changed they are still written as the Fisheries Management (Estuary General Share Management Plan Regulation) 2006. Furthermore, Wildcaught Fisher's Coalition members in region 4 north have unanimously demonstrated that they have no confidence in the industry representative and want fishers as a group to represent fishers (refer to Appendix 3, minutes of WCFC meeting).

I have spent endless hours corresponding with Department management, Members of Parliament, and the community. I have two young girls, 16 and 10, and my husband works odd hours most of the year which is a challenge within itself to work around fluctuating sleeping hours, early mornings and interrupted sleep at night. More so, the reform has taken away our time over the years, time that I will not get back with my children. It has taken time away from us as we spend every day talking about the issues, writing submissions, corresponding with DPI, reading letters, fighting so that we will not have to buy our jobs back. As it is nearing Christmas, I have not yet had time to organise

presents or even put up our tree with my children. Also, this time of year my children participate in many school concerts with one dancing and the other playing the flute. I have not had the time to be present at some of these concerts, or help with the organisation as my time is taken up with the reform. I am nearing the end of a Criminology and Criminal Justice degree, which would fit into my normal schedule of day to day activities and still allow me to spend time helping my children with homework, studying, reading with them and enjoying other outdoor activities; however because of the reform I spend most of my spare time focused on the computer. This reform has had a huge impact on our mental wellbeing, social wellbeing, and if it is implemented it will affect our family and business economically.

We have just built a house, and our loans and debts are based on what we currently earn. However, due to the reform, we will have to spend approximately 200K to buy back the shares that we have had taken away from us (please refer to Appendix 4, 5, 6, 7). The bank will not lend us money to buy shares that will accrue no extra income than what we are currently earning.

Not only do we have to buy back our catch history, the DPI cannot answer our questions as to whether the shares are there, or how much they are going to cost. They still have not given us the results from the mock share trading. How can we make an informed business decision on an unknown?

(iii) The impact on industry and regional communities to date, including economic, social and cultural impacts,

Various impacts have begun to evolve in region 4 North. Aside from the economic uncertainty that the reform entails, particularly for local businesses such as Wallis Lake Cooperative, there are social impacts due to the stress of the forever looming reform. A quote extracted from the social impact study by Barclay and Voyer (2016) outlines it perfectly, including the importance of generational fishermen in coastal communities:

“Economically I see the fishing industry as a baseline in our community. Whilst it is seasonal, generally year-to-year it’s something that’s been there for a hundred years providing a steady economic benefit to the town and the region. Other industries fluctuate and any region - whether it’s in the city or country - needs baseline economic load for their economy to survive. The fishing industry provides that. It also has the benefit of being a sustainable fishery, not only from the point of view of its fishing practices, but also from a family point of view. So it’s the type of business that can be handed down through families if they choose, which builds a sense of tradition in the town, and also gives those families a feeling of self-worth that they’re a second, third or even fifth generation family business. So they’ve got that sense of history and self-worth, which is also extremely important in any industry, particularly in small towns”.

Secretary Chamber of Commerce and non-fishing business owner (050515_2) South Coast

In our region, fishers have been forced into buying shares or “panic buying” as they call it, due to the fear that has been instilled into them by this reform process. It is absolutely appalling, as the majority of fishers in our area cannot make choices on their future due to so many unknowns within the reform. More so, recent documents outline the following problems, for example, fisher’s do not know whether there will be shares available, they do not know how much they are going to cost, and they cannot make an informed decision on the future of their business based on these arguments alone.

There are numerous reports that have been sent to politicians regarding the science and the issues that the reform is faced with, YET, it still moves forward at an alarming rate. I have never seen so much stress involved in an industry that is said to be “unviable” yet the fishing industry has recently been cited to produce 436 million dollars for our economy AND employing some 3290 people across the coastal communities of NSW (Barclay & Voyer, 2016). We are one example of a viable fishing business and we can produce letters from our bank institution and our accountant to state that this is so. Where is the science in what they are doing? This will only end in misery for many hardworking individuals.

Our area in particular, asserts a large population of multi-endorsed estuary fishermen – approximately 50 in region 4 north. There is a huge problem with the reform in our area alone, that will not only affect many fishing families, but the local Co-operative that boasts over 7 million turnover and produces fresh seafood for the Sydney Fish Market, and is also notably an award winning Co-operative as of 2016 producing 80% of NSW Blue Swimmer Crabs.

Wallis Lake Fishermen’s Co-operative currently employs 14 staff and most are full-time. The Co-op’s throughput directly and indirectly affects many local businesses. They provide moorings, 2 slipways, ice for fishers and the public, a chandlery service, and are also an on-water fuel depot (the only point of supply for diesel fuel from Coffs Harbour to Port Stephens, and more so an emergency depot for fisheries, water police, marine rescue and all other boats). The Co-op also employs the services of local ice works when the input of seafood is so high that the 2 ice machines cannot keep up with the demand. Freight companies are employed up to 5 times per week and they supply 38 Woolworth’s stores daily.

The local community also has a high turnover of tourism, with many individuals migrating to our area for the fresh seafood that is available from our wharves. This will mean that many people will be disappointed with the decision by the government to further the reform process as in the future

they will wonder what has happened to the local commercial fishermen and the supply of fresh seafood.

Not only do we have many fishing families, we have many friends and acquaintances in the community that have been disgusted and appalled in regards to the issues that our local fishermen and the economy are now faced with. Generational fishing families reside in our area (5th generation from circa 1891– pioneers of our local community) and we are not only faced with losing our livelihood, we are now faced with bankruptcy due to this reform. For example, because of this reform, our business is now subjected to a loss of 40%, and an outlay of approximately \$230,000 to buy back the shares that have been taken from us to do what we do now! It is absurd that an industry is subjected to this by a government, when the members of that particular industry have done nothing but work and pay taxes and fees for generations! We do not mind helping the economy but we do not want to help the government department “workers” i.e. “public servants” retain a job while they are making decisions that are about to ruin an iconic industry.

Numerous meetings have been held by fishermen, in particularly over the past few years. I am a member and regional secretary of the Wildcaught Fishers Coalition (WCFC), and we have ourselves have held numerous meetings that are open to members and non-members, and with an attendance of more than 30 fishermen from our region alone, who strongly oppose this reform and even more so as it progresses, regardless of whether they have outlaid money for more shares. Aside from the meetings, a vast majority of community members and fishermen have recently signed a petition that with 10,000 signatures has resulted in the parliamentary enquiry, and thus demonstrating a great indication of community support.

(iv) The economic modelling underpinning the restructure and any independent analysis of that modelling,

According to Saul (2015):

“Apart from excess capacity, in my view, it is fair to say that fishing business viability has been heavily impacted by:

- Loss of fishing grounds through the establishment of marine parks and recreational fishing havens;
- Rising real operating costs;
- Cheap imports diluting demand for local seafood;
- Fractured industry representation;
- Inconsistent decision making of past governments and previous fisheries management;
- Changes in social attitudes; and
- Broadly difficult relations between Fisheries Management and Industry.”

Further concerns outlined by Saul (2015) are that financial institutions are unlikely to lend money against shares. The DPI was asked about this issue, and their response was that the banks and other financial institutions should view positively the improved strength, security and value of shares following the reform. Saul asked the SARC in an interview on the 17/08/2015 and the SARC responded that in other parts of Australia, banks did lend on the basis of quota. Saul asked if they had specifically contacted any banks. The answer from SARC was NO.

The following case study information was supplied by Wallis Lake Fishermen

“Region 4 - have been recommended 12.3kg of Blue Swimmer Crab quota per share. This equals 1532kg of quota per fisherman. The graph above shows the fishermen from the Wallis Lake’s Co-op weighed in 127 tonne of blue swimmer crabs in the year ended 2015.

There was an average of 25 EG trapping fishermen year ended 2015. It was similar in 2014. In 2013 and 2012 there were on average 10 EG trap fishermen. The Wallis Lake system is the healthiest it's ever been and as you can see by the graph the catches are increasing well each year. The fishermen would need to re-invest and buy another 250 shares to give them enough quota to keep their catches the same as last year. WLFC catch one of the biggest kilos of blue swimmer crabs in Wallis Lake per annum compared to the rest of NSW. The Wallis Lake area accounted for 80% of all blue swimmer crabs sold from NSW to Sydney Fish Markets year ended 2015. The retail shop in the co-op sold 5 tonne of blue swimmer crabs year ended 2015. The Wallis Lake co-op members weighed in a total of over 127 tonne of blue swimmer crabs for the year ended 2015. The total catch limit (ITCAL for trapping) of 137447kgm has been set that resulted in the allocations set. Setting a quota on this endorsement would result in a massive reduction for the Co-op for both kilos and dollars. The Effort Quota of 1 additional fish trap for each 10 shares held above 125 shares would mean that the average fisherman in the WLFC would then be allowed to use 40 traps to catch blue swimmer crabs. That would equate to 1000 traps in the water just for the 25 fishermen from the Wallis Lake's Co-op. At the moment, 25 Wallis Lake fishermen use 500 traps in the water. Catch quota works for some species like lobster however, going down this line for blue swimmer crabs would be disastrous. When quota originally came in for lobsters it was handed out according to individual catch history. The catch quota on blue swimmers would be handed to everyone with an endorsement and a 'share of the pie' would be given to everyone holding this endorsement. This is not only unfair but unreasonable when the majority of fishing businesses catching the kilos are from within Wallis Lake's system.

A problem with this is that the fishermen may shift their focus to catch only female blue swimmer crabs as they are worth often double the price as males. This will lead to a sustainability issue for the future years with only the females being targeted.

*Catch quota for this endorsement as it has been stated in the draft recommendation **will not:***

- Encourage fishing at times when its most profitable (e.g. when catch rates are good or when price is strong);*

and

- Provide more certainty that the management arrangements can address any future resource sharing".*

Saul (2015) outlines that the average age of NSW fishers are approximately 59 years. Further concerns delineated were due to unknowns and uncertainties in the following areas:

- Share availability
- Share price information
- Ability to source finance
- Which co-operatives will survive the reform
- Lack of costings

- Lack of detail regarding linkages – including information about regional differences and reasons for these differences
- Cost recovery for DPI and likely management/licence/quota fees.

I have asked Alex Wells - manager from the DPI - to send me an email stating what the fees will be for the next 5 years. This was weeks ago, and I am still waiting. More so, the above concerns are creating a lot of fear and angst among the majority of fishers. Saul also recognises the low level of trust that industry has toward the DPI. He recommends that the relationship between fisheries management and industry needs to change. If it continues as is, it will deliver the same results such as inconsistent and ineffective outcomes.

Saul (2015) states that there is added complexities due to the hours that are given to meshing such as a 24 hour period equals one day. Fishers will be forced to work the whole 24 hour period to maximise revenue. This will result with levels of increased complexity, increased fatigue and unsafe work practices, and very high stress levels.

Lastly, some co-operatives may be forced to close due to the reduction of fishermen. If that occurs, there will be flow on affects to regional communities with lost jobs and lost local seafood supplies (GHD, 2014; Saul, 2015).

(v) The approach of other jurisdictions.

The approach of other jurisdictions should not be used as a “one size fits all” example. Every fishery differs within a state; hence on a national level and from state to state, fisheries will differ immensely. Each area differs in climate, weather, and species, and more so there are huge differences between estuaries and outside fishing. Therefore it should be taken into consideration that the programs that may have been used in other jurisdictions may not necessarily work in NSW due to social, economic, sustainable, cultural and financial differences and reasoning.

The reform process as it stands, has been tried globally in many countries for the last 40 years and has failed. It is a process that is now redundant. Dr Seth Macinko (2013) outlines that catch shares and communities do not work, and the biggest problem with industries is the management. Issues with ITQ's and TAC's are backed by Sumaila (2010), who states that all of the difficulties associated with the introduction of ITQ's, such as high-grading, discarding of product, quota busting, misreporting and uncertainty, will not be able to stop the broader negative impacts of fishing on the ecosystem. Hence, catch shares do not improve the health of fisheries. Moreover, it is argued by social scientists that any economic benefits of ITQ's act contrarily to the principles of equity and social justice in fishing communities in every jurisdiction that they have been tried, and therefore are not an appropriate way to manage certain fisheries.

In 1990, the multitude of Atlantic cod stocks in Canada depleted despite several catch share programs being implemented in the previous decade (Essington, 2010). Furthermore, according to Sumaila (2010), ITQ's are based on catch quotas which rely on vigorous estimates of the abundance in resource stock. Hence, if certain factors are not addressed properly, stock collapse can occur regardless of the quality of the catch share scheme that is in place.

Fishers have already been reduced to less than 1000, and NSW imports more than 85% of seafood. Social impact studies demonstrate that the public want fresh seafood, and reports indicate that imported seafood is bad for your health due to unhygienic handling methods, additives, and sometimes slave labour. More so, on a human rights level some of the seafood is handled under slave labour conditions.

The majority of fishermen are viable within their individual business, and they keep their working environment sustainable by multispecies fishing, particularly generational fishermen. Many coastal towns are built around the local fishing industry, and therefore the industry supports the economy and the social structure of the towns, and some have since the late 1800's.

Lastly it would be an indignity to many fishermen if the reform progresses in its current form.

Generational fishermen will not exit the industry, they are proud people and have worked hard and paid taxes and contributed to the economy. They are not people that will take "hand-outs" from the government, they work hard to build a life for their families and they work hard to provide fresh seafood for the communities within NSW. In saying that, please consider what you are doing when you take the catch history away from these people and then tell them that they have to borrow money to buy it back for no extra income. Economically people have debts based on what they currently earn, and to go into further debt for no immediate gain is a recipe for bankruptcy.

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