

**Submission  
No 58**

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

**Name:** Mr Paul Heron

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Parliament submission.

Ladies and gentlemen

My name is Paul Heron and I am currently a fisherman on lake Illawarra. I have fished lake Illawarra for over 20 years and have always supported myself and my family through fishing on the lake. I catch various species such as crabs, prawns, mullet, bream, flathead etc. I left school in year 10 and went straight into fishing after having problems with school due to having dyslexia, which made it hard to concentrate on school work as I have difficulties with reading, writing and arithmetic. Dyslexia was not readily understood then as it is now.

When I was 18 years old I bought my fishing business. This had a business number and was a registered fishing business, which meant it had to be a viable business and earn around \$15,000 per year back in 1995. I invested more than \$40,000 to buy out a fishing business off an existing fisher. Not long after I purchased this business the government buy back scheme kicked in, paying some fishers around \$250,000 + for fishing businesses to create 30 marine parks. Some selected fishers from other regions were also selected for the buyout, but there was no clause that they could not buy back in in other regions. Thus, some fisherman knew through insider information and represented fishers through the first buyout also assisted D.P.I. in setting up the buyout for themselves. So, when they sold out they could buy straight back into the industry for under \$40,000 for an R.F.O to start fishing again as they did before, giving a \$200,000 or more payday to these fishers, a selected few who were picked by our so-called representatives. Thus, they then bought all fishing businesses that were unused for a reduced price of \$15,000 or less per business.

Some of these fishers have become some of the biggest share baron's in the industry, holding more than 1000 + shares in each share class in our industry today. knowing full well the business they bought out would receive equal shares and quota due to inside information again. Even if a business wasn't used, while all other fishers were told at their port meetings held by D.P.I. to change from a restricted to a share management fishery not to buy sell or swap any shares and they would never need any more shares in their lifetime. Some of these people became Cfact and then the S.A.R.C committee appointed by the minister for fisheries himself. We as fishers have no say as we cannot vote on who represents us and never given information on meetings held behind closed doors, with no minutes taken or access to these meetings information is restricted or unavailable to other fishers.

These meetings were held in secret on our behalf which affects our whole industry. All fishers would like to see the S.A.R.C. disbanded, and we would like to elect our own representatives to implement any further changes to our industry, so it is not one sided to the DPI all the time and give us our say back by giving all fishers the opportunity to vote on all decisions that affect everyone in the industry. Not just the guy who says yes to D.P.I. because they already hold 1000+ shares per share class. We would like to see an I.C.A.C. inquiry into how this was all approved without proper consultation with fisherman. As the minister of fisheries has not even given most fishers the time of day and never once had a meeting with fishers on his reform program anywhere in region 6 on new changes to the reform. I have personally submitted 21 questions to the minister Niall Blair and has been sent by Liberal MP Mr Gareth Ward Member for Kiama. This was sent on 15<sup>th</sup> of September 2016 and was supposed to be a 6-week ministerial reply and yet I am still waiting for a response. How am I supposed to make decisions on my future and lively hood when I am unable to get the answers I need to support my decisions. How has Niall Blair been able to continue to fool government bodies

with false information and without answering simple questions or without proper consultation with the industry?

So, this reform is going to affect me personally as I am a single shareholder in the industry and have 125 shares across multiple endorsements or fishing methods. These make up the wage that I make which is only around \$50,000 after tax and expenses, as we receive only about a 3<sup>rd</sup> of the price you see in shops and that's if we are lucky. My main fishing method is meshing where I can catch fish and blue swimmer crabs. This is a continuous operation where the net is put out splashed and retrieved in one continuous motion. Any small fish or crab are returned live to the water without harm.

To fish as I do now I need to buy the equivalent of 3 fishing business's, 375 shares which only makes up what I work now. At a cost of around \$200,000 which I cannot get finance for as the R.A.A is only offering \$80,000. I must give them my house deeds and business only as collateral but as is my wage is maxed on my mortgage. I have discussed my financial position with a financial advisor as provided by R.A.A. I am unable to obtain a loan under my current financial position as advised by them. \$80,000 is only enough to buy 1 share class, 125 shares meshing which means I can work 150 days a year. So, I will have more debt and less days to work to pay these increased bills which means my business cannot survive. This makes my business unviable to stay in the industry. This uncertainty has caused me stress, and depression, sleep deprivation as I wonder how to support my family, a wife, a 3-year-old son and a child due in February 2017. As it stands now the government is offering \$20,000 for my business number and nothing for my shares. I must surrender my shares to be sold for whatever they are worth (not determined yet) and never have been. Shares are scarce and prices will go through the roof if any become available. As fishers are scared that they won't have enough shares to continue to fish. Fishers are being forced to hand in their business by having their hands forced behind their back.

The second method is prawning from November-February each year which makes up the rest of my wage that I earn. Because of the lake entrance being opened permanently there have been no prawns in lake Illawarra for the last 2 years, meaning my wage is made up from working harder on catching blue swimmer crabs and fish. Blue swimmer crabs have become a sustainable part of my income and numbers have greatly increased in the past 3 years since the lake was opened permanently. Taking over from the prawns to make up my wage. By giving a 485kg crab quota I will catch these in 3-4 days in summer. At \$10 per kilo on a good day is only \$4,850 per year, now they destroy about \$4000 worth of nets per year. Once your quota is full they must be returned to water or to destroy net again resulting in more money spent. Blue swimmer crab is a secondary species and always has been a bycatch for our region. There is no research done on this species and therefore no need to quota species as they are not in decline at all. I would also need to spend more money on leasing more crab quota from other fishers in the future to try to make my business sustainable to some level depending on the price of leased quota. In fact, D.P.I. have not done any research on Illawarra or south coast or marine parks in the last 10 years to check the viability and sustainability of our fish stocks at all. In D.P.I. fisheries own words "The estuary general fishery has been sustainable for the last 50 years with little to no change to catch records over the years" which shows no decline in fish stocks at all which means this reform is unjust and unfair to fishers in general with recreational fishers being able to take more kilos of crabs per year than a commercial fisher under this new reform. Fishers need to know D.P. I, S end game or what they want to achieve from this reform. Fishers need to know where the shares increase will end or what new quotas will be implemented under this reform or future changes. How does it give us more sustainability and security than we already have now in the industry as it is already economically sustainable and

viable? As I have proved by owning my own business for 20+ years without ever asking for government assistance. I could have sold my business 5 years ago for around \$180,000-\$200,000 based on tax returns and now to be told my 20+ years' work is worth \$20,000 plus whatever could be as little as a dollar for shares as we don't know yet is an insult to me. I cannot put a business plan in place as the uncertainty grows on what the next change will bring in 2024. Once again making me ineligible for R.A.A loans as they require detailed cash flow forecast + business plan for next 3 years + 3 years of tax returns. Which the forecasting cannot be done by my accountant as there is no information on how it will affect my business yet which means I cannot access loans again even if I wanted to.

So, in short I'm being forced out of my job by these reforms. For our days, we have been given 24 hour periods which most fishers don't work. D.P.I. told me that the days were determined on catch returns not on hours fished as they had no information on how many hours it took to catch and didn't ask. We cannot work 24 hour periods as our boats are too small to hold fish for more than 12 hours at a time. These boats are 17-20-foot-long not like the trawlers you see on T.V. All methods are done by hand making fisherman some of the hardest workers out there, to bring Australians their fresh seafood. With 80% of fish being imported already that is likely to increase making locally caught fresh seafood more expensive at the counter. Not to mention that 24-hour fishing periods are dangerous, there are maritime laws to prevent this and safe food laws we must abide by we cannot hold seafood for long periods of time. We then need to transport our catch to the co-op after a 24 our period for safe food reasons and driving will be too dangerous due to fatigue. Truck drivers have limits on how long they can drive in 24hour periods and yet the government are forcing fishers to work 24hr days. This then puts more pressure on fish stocks as this forces fishers to work harder for less.

So, in closing.

Government reforms mean this

- Loss of jobs and/or increased unaffordable debt
- 75 24hr fishing days on current shares
- Unable to pay mortgage and bills
- Need retraining, once retrained no guarantee of future job prospects.
- No security of future
- The uncertainty of more share increases in 2024 as no criteria is set.
- If I manage to stay in the industry. Who is to say they will not move the goal post again making it less days when the review comes up IN 2024.
- I formally request to be a witness on the panel for this parliamentary review to speak on these matters and many more.

We would like to see a reform that is fair to all not just a few and receive the money that the business is worth and not treated as if we and our business are worth nothing. We should be able to

put in an offer for what our business is worth and the government could make counter offers to come to an agreement both parties would be willing to accept allowing small fishers to be able to leave the industry with dignity and some security for their future not being forced to leave with nothing. Thank you for your time and I hope this information I have given you helps you to understand our industry better and help us keep our jobs. I have also attached the questions sent to Niall Blair regarding this reform.

#### Questions to Minister Niall Blair as follows

1. Why is there no D.P.I. representatives at the preview of the share trading sessions? Why are they not there to listen and answer concerns from the fishing industry about the reform process?
2. As I attended the preview session on the 12<sup>th</sup> of September, I asked 14 questions to do with my personal concerns about the industry and 13 replies were answered with I don't know and one with a no. I left this meeting after wasting 2 hours of my night with no answer to any of my questions. How do you think this satisfactory information for fishers?
3. If I own a share in any other company, you would know what the dollar value is when you buy or sell these shares. Why has D.P.I. never given a value to each share unit within the commercial fishing industry?
4. Why didn't D.P.I free up shares by offering a buyback scheme to free up shares, this way the share market could commence on time by a barter system with fishers willing to leave the industry at the right price not forced out.
5. If the R.A.A is only offering loans of up to \$80,000 how can I buy the shares I need to fish. I need approximately a cost of around \$250, 000+ on current share prices to fish as I do now. I have spoken to R.A.A about loans and they require a 3-year cash flow forecast and a 3-year business plan, which is impossible to forecast as I have not worked an example of the reform to estimate cash flow return. There is no information on how it will affect my business as yet. The only other way is to hand over my house deeds and business as collateral which is also impossible as it is all already tied up in an existing home loan by which I am only 2 years into. So how am I expected to get this?
6. Why have you stated in your past media releases that 75 fishing businesses have sold when you know these are empty business numbers with no shares attached?
7. Why have you also stated that there was 4 million dollars applied for in R.A.A loans but in media release on 12<sup>th</sup> September 2016 it has changed to around 2 million, was your first statement a lie just like this whole reform is?
8. If over 40,000 shares have been traded by fishers as you say, why is there still no shares available to the fishers on a share market and only a preview is available? Or as we all suspect are the only shares being traded are from John Smith back to John Smith to link his/her own shares together.
9. Why does the minister only listen to the P.F.A and not the WCFC? The WCFC has more members than the P.F.A and is clearly the peak body for the commercial fishing industry.
10. Why does the minister and D.P.I. only listen to groups that are appointed by the minister and not properly elected by fishers by a voting system from all fishers? This has been happening since 1995.

11. The reform is unjust and unfair to fishers who bought their business before 2000 as they bought their right to fish as an RFO complete with access to all endorsement's. These businesses were issued with a business number and ABN number and were deemed viable, so why now has that changed and I need to buy 3 more businesses worth of shares to fish as I do now?
12. For 20+ years I have owned and operated my business never asking for government assistance. So why now do you want to force me into debt and work less days to repay monies owing on top of existing debt and only able to work 92 days a year based on my current shares.
13. Fishers need to know D.P.I.S. end game, what they want to achieve from this reform and where the constant rise of shares to fish will end?
14. This reform is causing stress, depression and anxiety on most fishers, I myself have a 3-year-old son and a baby due in February 2017. So, imagine this, I tell you as of tomorrow you can only work 75 days of the year based on your current wage and if you want to work more days you need to get a loan for \$80,000+ to work more days. So, including your expenses you currently have you also need to pay back the \$80,000+ on less days that you work now. Would you be able to survive and support your family???
15. This reform is forcing fishers out of the industry. Most fishers have no experience in other fields as most are 2<sup>nd</sup> and 3<sup>rd</sup> generation fishers, others are at retirement age and fear they will not be employed due to their age. How is this fair?
16. The treasurer has stated the "liberal government" is focused on small business, growth, jobs and wealth which has helped the economy over the last 25 years. How does destroying many small fishing businesses which have operated through this growth period help our economy? Or is this also another lie from the liberals??
17. As many industries, have been destroyed over the past year+ such as taxis, greyhounds, steel, electricity, famers, timber, transport, council merges and now the fishing industry. With recent polls and local council voting results how do you think this will help liberals at the next election when you are putting more people out of work?
18. The minister is saying he is consulting with the entire fishing industry and listening to all concerns from fishers, then why hasn't the minister visited any fishers from region 6 at any time since this reform started?
19. I have sent many letters addressed to the minister outlining my concerns and yet all these letters and consultation papers never being answered by you or your colleagues. Will you have a lie as to why you have not answered? Apparently, it is against the law for you not to respond but you still don't respond.
20. We in region 6 would like Minister Niall Blair to attend a meeting with us personally to discuss issues raised within our region and the reform.

Looking forward to your response with issues raised here. Thank you

Paul Heron

