



Submission to the Standing Committee on Rural and Regional Affairs and Transport

On 7 December 2020, the Senate moved that the following matter be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by **24 June 2021**.

The fisheries quota system and examining whether the current 'managed microeconomic system' established around a set of individual transferable quotas results in good fishing practice, with particular reference to:

- a. *good fishing practice that is ecologically sustainable with an economic dynamic that produces good community outcomes;*
- b. *how the current quota system affects community fishers;*
- c. *whether the current system disempowers small fishers and benefits large interest groups;*
- d. *the enforceability of ecological value on the current system, and the current system's relationship to the health of the fisheries;*
- e. *whether the current system results in good fishing practice that is ecologically sustainable and economically dynamic, and produces good community outcomes; and*
- f. *any other related matters.*

Submissions close on **12 March 2021**.

Background

NSW Seafood Industry Council (NSWSIC) is the state industry peak body representing the interests of its members:

- Sydney Fish Market
- Master Fish Merchants Association of Australia
- Professional Fishers Association of NSW
- NSW Fishing Industry Training Committee
- NSW Fishermens Co-operative Association
- OceanWatch Australia

The current system of fisheries management in Australia is not broken so care needs to be taken in the Review process:

- Fisheries management in Australia is recognised internationally as being amongst the best in the world and it continues to improve
- Just two decades ago there were 40 species being subjected to overfishing in Commonwealth waters. But now there have been 7 Years of no Commonwealth managed fishery subject to over-fishing: a record that is probably unique in the international scene. But there is currently an increasing number of species not fully exploited, so there is opportunity to boost Australia's fresh seafood production.



- There has been a history of a good working relationship between AFMA and Industry, however there is always opportunity to improve and the objective should be to continue the journey towards formal co-management.
- ITQ's have served governments and industry well and their selective use needs to be maintained, however ITQs are not suitable for every fishery, especially smaller scale fisheries and multi specie/use fisheries.
- Not all fisheries are managed by the Commonwealth. Senator Wish-Wilson in seeking this Inquiry spoke about the need to review the Commonwealth system, but the examples he used are both state managed – Tasmanian Abalone and Tasmanian Rocklobster. Their relevance to a Commonwealth Senate Inquiry is therefore, limited.
- Great care must be taken not to 'generalise' about fisheries issues. Each species and situation must be treated as an entity. Over-fishing is not a global issue and there is no global solution.

Terms of Reference

Good fishing practice that is ecologically sustainable with an economic dynamic that produces good community outcomes;

As mentioned above, Australia has an exemplary record of science-based fisheries management.

At the Commonwealth level, ITQ's have played a pivotal role in this outcome and the on-going improvement processes.

NSWSIC concurs with WAFIC that within commercial fisheries, quota management systems have been very successful in single species fisheries where quota prediction and science can support reliable and continuous assessments.

We also agree that whilst quotas have been successfully applied in some multi-species fisheries e.g., SESSF, their application can present other management difficulties. One complication occurs when a fishery is managed by both the Commonwealth and state(s) where different management frameworks may apply.

For more complex fisheries, such as many of the state-managed fisheries, quota management systems are seldom the best management tool. Consequently, state managed fisheries use a variety of management frameworks – some are ITQ based and others are based on input controls or other methods. Inshore fisheries also tend to be multi-purpose using multiple gear types and often the issues are more complex.

In such cases (especially where fisheries are small), it is often not practical to manage by quota or detailed manipulation of effort controls other than by limiting licence numbers, gear type, and access by area and temporal controls. The practicality and cost of undertaking in-depth scientific studies to support management are also often prohibitive for small fisheries.

We concur with WAFIC in that input controls by themselves do not necessarily promote the most economically efficient outcomes in a fishery and poorly managed they may well constrain innovation.



ITQ's through creating a tradable property right (in the appropriate circumstances) can offer a better prospect for management of many fisheries, but it must be stressed that the management framework for each fishery must be considered on its own merits. In other words, it is horses for courses.

In terms of accessing capital, ITQ's provide the opportunity of being used as security to access finance. However, the finance sector in general does not understand fishing property rights and it is our experience that even in well managed, mature quota management systems the finance sector will commonly only lend up to 20% of valuation. Given that quota management systems are established by, and in the main managed by, government, there is a strong case that the fishing sector should have greater access to government sponsored loan systems along the lines of those available to agricultural sectors.

How the current quota system affects community fishers;

As outlined elsewhere in this submission, the effects of the current quota systems are specific to each fishery; the contribution to each community needs to be considered in the context of local circumstances.

Whether the current system disempowers small fishers and benefits large interest groups;

The shift from small individual operators to a smaller number of larger/corporate operators has been occurring, however the drivers to this trend and the outcomes from it, are uncertain and most likely are broader than the current management systems.

Transparency of quota ownership could certainly be improved but given the numerous jurisdictions that have responsibility for fisheries management, this will require co-operation between the Commonwealth and various state governments. Ideally there should be public registers of quota owners and quota transactions.

In NSW the owner of an ITQ must have a registered affiliation with a fishing business. This system has merit and perhaps its wider use can be explored – SFM had to purchase a fishing business to purchase NSW quota. At the Commonwealth level there is no such constraint. There is also no such constraint in Queensland, and possibly other states.

The matter of who can purchase quota requires consideration. NSW/SIC/SFM recommend that quota ownership should be under the control of foreign ownership processes (Foreign Investment Review Board). This is consistent with the view expressed by WAFIC in their submission.

There is also a risk that interest groups (e.g., radical environmental interests or recreational fishers) could purchase ITQ's to prevent the fish from being harvested for provision to the seafood consuming public. A mechanism must be found to ensure that the sustainable harvest of the community seafood resource continues to not only take place but is developed to maximise the economic and social benefit to the community. Perhaps this could be achieved with the introduction of a "use it or lose it" framework with the surrendered ITQ's returned to the pool available to active fishers.



The enforceability of ecological value on the current system, and the current system's relationship to the health of the fisheries;

Commercial Fisheries management on its own cannot ensure sustainability: it is only part of the equation as was evidenced by a science-based Threat and Risk Assessment (TARA) conducted by the NSW Marine Estate Management Authority (MEMA) and released in 2017 ([NSW Marine Estate Statewide Threat and Risk Assessment](#)). The output from the TARA was that managed fishing is ranked 13 in the risks to coastal marine ecosystems and consequently the focus of the Marine Estate Management Strategy ([MARINE ESTATE MANAGEMENT STRATEGY 2018-2028 \(nsw.gov.au\)](#)) is on the higher ranked threats. These threats must be addressed if the sustainability of fisheries resources is to be assured.

Several of these threats that are ranked higher than fishing, were mentioned by Senator Wish-Wilson when he proposed the Review, such as pollution, plastics, acidification, global warming

We draw attention to the research SFM commissioned in 2013 to assess the effectiveness of management of the full suite of threats to NSW estuaries that provided the impetus to the MEMA and TARA processes. This work was supported by FRDC and the results were published as KEARNEY, R. & FAREBROTHER, G. 2015. *The comparative performance of the management of the individual threats to marine environments and fisheries resources 2013-029-DLD.pdf (frdc.com.au)* NSWIC strongly recommends that Australia conduct a MEMA type TARA for all of Australian marine waters and then manage the threats in the locations that they arise. The great majority cannot be managed by action only where the effects are manifest. NSW has demonstrated via MEMA that fishing is way down the list of real threats and those that must be addressed to protect marine ecosystems and resources are dominated by climate change, pollution in many other forms, inappropriate coastal development, and introduced species and pathogens'

Controlling catches is a key tool in fisheries management. However too often, when stocks are in decline the only response considered by fisheries managers is to reduce the TAC. In many instances, the declines in stocks are not the consequence of commercial fishing but are the result of one or more of the 12 more highly ranked threats, the great majority of which are not being managed with anywhere near the effectiveness of fisheries harvest strategies.

If the non-fishing threats are addressed, then the likely output will be an increase in oceanic health and productivity and the resulting MSY, hence more wholesome, sustainable Australian seafood for the community.

NSWSIC also stresses that the mindset by governments needs to shift focus onto the development of our fisheries, not further constraint of fishing that is already conservatively managed. The Australian Government has accepted that the goal for all ecosystem management is sustainable development, ESD, but there has been extremely little obvious effort to develop our fisheries. A recent assessment led by CSIRO confirms that many Australian species are currently being underfished (FRDC Project 2016-056 "What could Australia's total sustainable wild fisheries production be?" David C. Smith et al [Report re Report Title \(frdc.com.au\)](#)).



The most recent data from the USA has demonstrated that as their fisheries management has improved in the last 40 years in particular, the loss of production from underfishing has come to far exceed that from overfishing. Figure 1 below is from a recent submission to the United States Senate by Professor Ray Hilborn.

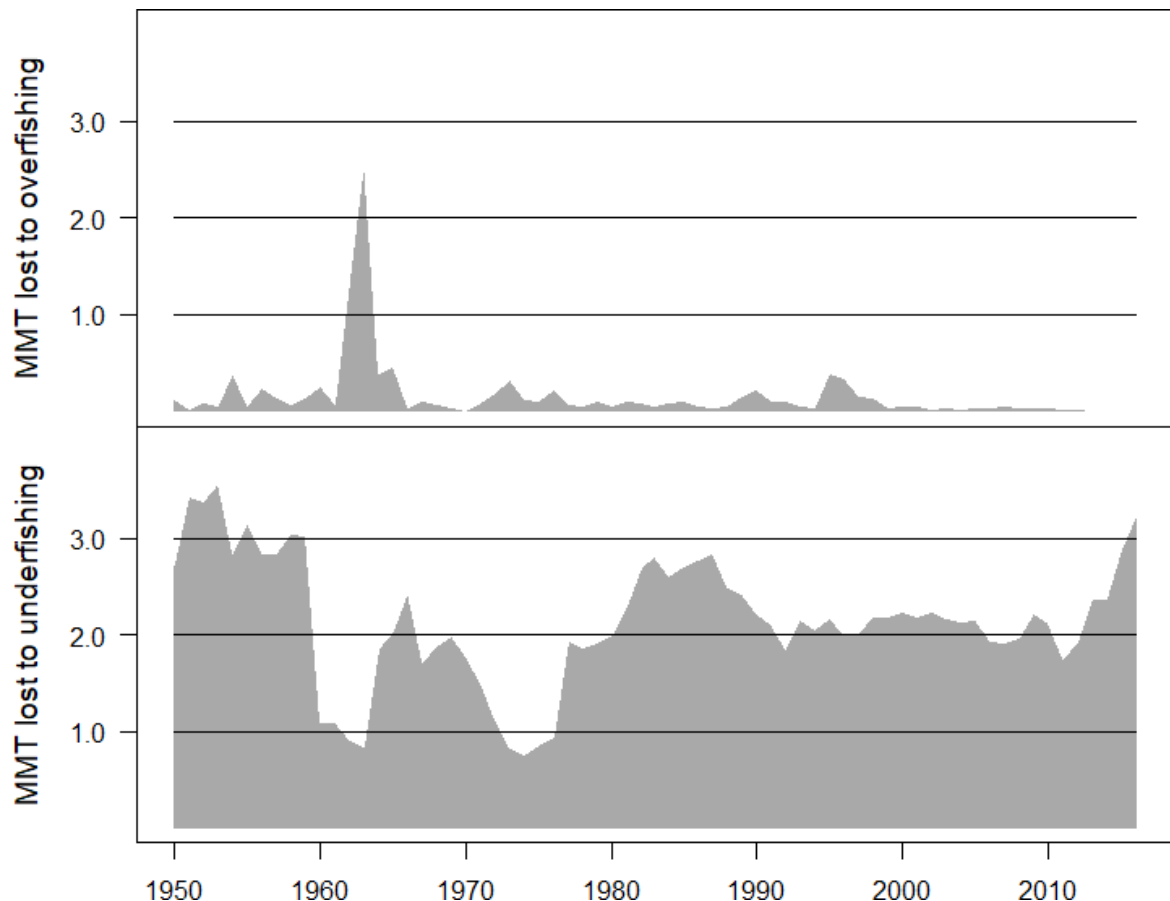


Figure 1. The amount of yield lost to overfishing and underfishing from U.S. fish stocks.

A country such as Australia that imports the great majority of its seafood cannot afford to have sustainable resources inadequately utilized.

Whether the current system results in good fishing practice that is ecologically sustainable and economically dynamic, and produces good community outcomes;

The broader economic benefits need to be better defined and monitored. The Commonwealth Government has determined that the property right for fish stocks rests with the total of Australia's citizens: it is a public asset. Commercial fishers have an access right to catch fish on behalf of the total community. Too often MEY has been mistaken to be determined by the profitability of a small number of fishers, and not the total benefit to the broader community who own the resource.



There is insufficient research and monitoring of the broad economic and social benefits of commercial fishing in most jurisdictions. The most recent broadscale study of the social and economic value of NSW wild-catch fisheries is the FRDC funded project 2014/301 – “Social and Economic Evaluation of NSW Coastal Professional Wild-Catch Fisheries” undertaken by Dr Michelle Voyer, A/Professor Kate Barclay, Professor Alistair McIlgorm and Dr Nicole Mazur.

Recommendation 1 from this study was: *Integrate the wellbeing framework into the management and industry reporting process by conducting annual or biannual reporting against each dimension of community wellbeing, and by formalising consideration of each dimension of community wellbeing in regulatory and socio-economic impact assessment processes.*

More recently, following the reform of the catching sector, Professor Kate Barclay was engaged by NSW DPI in 2019 to undertake an economic and social impact of the reform on industry. Recommendation 1 by Professor Barclay was to “*Establish a social and economic monitoring framework for NSW commercial fisheries as a matter of high priority and urgency.*” The NSW Government has supported this recommendation and committed to its implementation. Professor Barclay’s report can be found at [Commercial Fisheries Business Adjustment Program \(nsw.gov.au\)](https://www.nsw.gov.au/commercial-fisheries-business-adjustment-program)

NSWSIC strongly supports the NSW Government’s commitment and endorses the need for more broadly-based economic and social benefit monitoring and reporting on a national basis.

Any other related matters.

Co-management – the actions taken must be consistent with progression to a genuine co-management framework built on evidence-based science, comprehensive data, transparent governance, and trust.

In conclusion we would welcome the opportunity to address these issues and the wider fisheries management context during public hearings before the Rural and Regional Affairs and Transport References Committee.

Bryan Skepper
Chair
12 March 2021