

PFA Response to Productivity Commission inquiry into regulation of the Australian marine fisheries and aquaculture sectors

Overall Statement

The Professional Fishermen's Association of NSW (PFA) commends the Productivity Commission in its intent to investigate the regulations pertaining to the Australian marine fisheries. The scope of the review is extensive and it is expected that it would capture a significant number of concerns. This being the case, it should be noted that NSW Government has undertaken a significant number of reviews on the productivity of the NSW Wildharvest Commercial Fishing Industry.

Background:

The Professional Fishermen's Association (PFA) represents over 250 licensed commercial fishers from across New South Wales.

Issue 1: Country of Origin Labelling

Accurate seafood labelling is essential for the sustainable management of fish stocks, protection of public health, and informed consumer choice. Per capita seafood consumption in Australia has doubled since 1975. In that time, regulation has kept domestic production stable, meaning Australia is now a net importer of seafood with approximately 70% of seafood consumed coming from overseas.

Despite this, the majority of Australians believe they are mostly purchasing Australian seafood³. This misperception is the result of a market failure perpetuated by inadequate labelling. The greatest information deficit exists in the food-service sector where no information is required to be displayed indicating where the seafood has been caught or what type of seafood it is. Restaurants and takeaways are where Australians are increasingly making their seafood purchases.

Australian seafood is highly valued domestically and overseas because of the combination of quality, diversity and management credentials attributed to it. Research shows that Australians want to purchase local, sustainable seafood and are willing to pay a premium for it.

This premium is essential for Australian seafood producers who incur high production costs relative to many imported products with which they compete directly. Inadequate labelling means imported products are not differentiated from Australian seafood.

Not all seafood available to Australians is sustainable. In the interests of ensuring that consumers are able to make an informed choice when purchasing seafood, it is essential that they are advised what seafood they're purchasing and where it comes from regardless of whether it's consumed in or out of the home.

Issue 2: Creational of inefficiency to reduce industry impact

A large majority of fisheries regulations in NSW are based on protecting the fisheries stocks through limiting commercial fishers' productivity. These input controls are restrictions put on the intensity of use of gear that fishers use to catch fish. Most commonly these refer to restrictions on the number and size of fishing vessels (fishing capacity controls in our NSW Ocean Trawl Fishery), the amount of time fishing vessels are allowed to fish (NSW Estuary General Fishery) or the product of capacity and usage (all NSW commercial fisheries – fish trip limits etc).

- Vessel size and capability (engine size etc) – this occurs in the NSW Ocean Trawl Fishery
- Gear size, use and soak times – NSW Estuary General Fishery
- Use of crew – Estuary General and Ocean Haul Fishery.
- Time limitations – current proposal to link existing shares to effort (time)

It should also be noted that these limitation impact on both the efficiency of a fishing business and its safety.

Issue 3: Instability of regulations

The PFA recognizes that commercial fishers harvest a common property resource and therefore are subject to community opinion. This cumulates in constant review of commercial fishing regulations,

access reductions. This creates a state of uncertainty for commercial fishers which impacts on the stability of businesses and values.

In 2007, a large number of fisheries (EG, EPT, OH, OT and OTL) were converted to share management. However, these shares were issued based on a very loose catch history resulting in the “over-issuing” of shares in these fisheries. Fishers were assured that, once these fisheries were converted to share management that they would have a strong property right and that future management would be based on the shares (rather than catch history).

The NSW Government announced a major reform of the current NSW commercial fishing industry in November 2012. The reform is based upon advice from an independent review and report the *‘Independent Review of Fisheries Policy, Management and Administration 2012’* undertaken by Richard A Stevens OAM, Ian Cartwright and Peter Neville, commissioned by the NSW Government.

Please refer to below *Issue 4* for more specific details. A copy of the report can be downloaded from http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0015/433041/Independent-Comm-Fish-Review-Report-Mar2012.pdf

Issue 4: NSW Fisheries Management Issues

The issues concerning the current NSW Fisheries Management System have been delved into in the Stevens *et al.* (2013) Report. The PFA would note the following specific statements made in the report:

- “In the case of the five Category 1 share management fisheries of interest (EG, EPT, OH, OT and OTL), a combination of excess fishing capacity (no. of fishers/amount of gear) and associated entitlements, combined with relatively complex management arrangements and the introduction of a number of RFHs and MPAs, has resulted in very weak property rights, poor or non-existent economic incentives to trade and the lack of an efficient market. This has resulted in an inability for industry to structurally adjust autonomously. As one EG fisher put it fishing capacity has grown to the point where “...fishers (are) holding shares they struggle to derive a living from that they cannot sell for a reasonable price to enable them to exit the fishery – a poverty trap””. [page 61]
- “considerable administrative complexity and cost burden associated with the need for commercial fishermen to have multiple licences” [page 40].
- “It was put to the Review Team that past history in NSW clearly demonstrates that the commercial fishing sector has had to endure significant cutbacks in its operations through:
 - the closure of areas to commercial fishing (Marine Parks, RFHs, etc.), often accompanied by questionable science (or no supportive science at all); and
 - changes in gear levels and industry practices designed to make the industry more inefficient.

Implementation of fishing closures, either through the Marine Park process or through RFHs, has had a profound effect on many FBs, both at the commercial fishing level and at the fishing cooperative level. The commercial fishing sector stressed that these closures have resulted in considerable distress (including marriage and family break up), because, in their view, the structural adjustment provided by the Government to those displaced from these areas did not adequately address:

- the displacement of commercial fishing effort;
- loss of income for fishers who choose to remain and keep fishing;
- employment loss through buyouts;
- social and family impacts associated with fishing closures (e.g. need to travel further to go to work);
- loss of production/turnover in subsidiary businesses dependent on the commercial fishing industry; and
- need for meaningful and practical assistance to retrain and assist those affected to find new employment opportunities.” [page 44]

Issues 5: Co-management with NSW Fisheries

Currently, in NSW there is no formal consultation process established for commercial fishers. Other than through a number of industry advocate groups, industry has no formal structure to provide a voice in its management – no Management Advisory Committees, Working Groups or Advisory Bodies. At present, there is no established body for commercial fishers in NSW that can claim to be a representative body of all, or at best the majority of, fishery licence holders. The PFA currently represents over 250 commercial fishers as voluntary members.

As part of the Stevens *et al.* (2013) Report, Recommendation 5.1 identified that the industry needed a peak industry body as ‘the current state of working relationships between industry and the Department, together with the present failure of most consultative bodies across the industry preclude the development of formal co-management arrangements at this time’. Subsequently, the NSW Government consulted with the industry through an industry workshop in November 2012 and discussion paper sent to all NSW commercial fishers to determine an appropriate peak industry body structure. Analysis of the industry discussions and responses showed strong support for a modified PFA as the peak industry body.

It has been identified from the Government's response to the above report that there is a critical need to have a coordinated and regional approach to engaging licence holders and fishery sector interests. This significantly highlights discussions within the NSW industry on the need for co-management arrangements to be developed. The Government announced that they would advertise through a tender process for the delivery of a consultation contract, the main aim of which would be to establish a representative Industry body. The consultation contract would require the body to facilitate engagement of all industry interests. PFA prepared a comprehensive response to the tender to deliver the services – based on meetings and discussion throughout industry and advice from expert consultants. However, the Government closed the tender process without awarding the tender to any specific body.

The most effective outcomes from fisheries management are obtained when industry and government can work collaboratively with a shared vision for the short and long term interests of a secure industry. The need to have a well-resourced and effective voice for the Industry is essential in any effective co-management framework to be adopted for NSW fisheries.

It is recognised that increased industry involvement and ownership in management processes will enhance both ownership and participation in decision making. Building a strong industry based co-management process, with increased delegation for facilitating the industry engagement process, will

improve industry's capacity to both participate in issues identification and problem solving leading to improved management outcomes and a stronger working relationship between industry and government.

A collaboratively developed staged process for building industry participation in the management processes, with effectively skilled leaders, operating under an industry driven framework for participation will deliver on many of the outcomes identified from the recent independent review on fisheries management and administration in NSW.

As Neville (2013) identified "Mutual trust is the pre-condition to successful co-management¹". The opportunity exists today for the Industry and the Government to begin to build that trust and a framework for the future of a viable and effective NSW wild harvest seafood industry.

Issue 6: Calculation of Fisheries worth

The PFA reinforces the issues and considerations raised by the Sydney Fish Market in its submission regarding the calculation of value of the catch as the sole measure of the market value of commercial fishing and as a guide to help determine sectoral allocation criteria.

Issues 7: Consideration of socio- economic benefits of industry

The recent Marine Estate Management Authority has recently released its Risk Assessment for threats to the Marine Estate – with a commitment to utilize this scientific based process for its management decision. Comprehensive information regarding the Risk Assessment initiative can be downloaded from: <http://www.marine.nsw.gov.au/key-initiatives/threat-and-risk-assessment-framework>

The PFA supports the formal consideration of the socio-economic benefits of the commercial fishing industry for any decision that impacts it. The PFA has been working with the University of Technology Sydney research project, funded through the FRDC, that is currently attempting to capture the Socio and Economic Benefit of Commercial Fishing to NSW Communities. The results are expected to be published later this year.

Recommendation:

The PFA strongly recommends that the Productivity Commission consider the above issues as part of its investigation of this issue.

Country of Origin Labelling, issues with the predominant use of input controls in NSW Fisheries Management, instability of fisheries regulations (due to continuous reviews), specific issues relating to NSW Fisheries Management arrangements, significant co-management issues within the management of NSW wildharvest commercial fisheries, the appropriate calculation of fisheries worth and consideration of socio-economic benefits within fisheries management decisions have created an environment that significantly limits and prevents the productivity of the commercial fishing industry and individual fishing businesses.

The PFA welcomes the Productivity Commission to consult with the PFA on these issues or if clarification is required regarding any of these issues raised.

Acronyms

EG	Estuary General Fishery
EPT	Estuary Prawn Trawl Fishery
MPA	Marine Protected Area
NSW	New South Wales
OH	Ocean Haul Fishery
OT	Ocean Trawl Fishery
OTL	Ocean Trap & Line Fishery
PFA	Professional Fishermen's Association of NSW
RFH	Recreational Fishing Haven

References

Peter Neville (2013) "Analysis of industry responses to the options paper on the formation of a peak industry body for the commercial fishermen of NSW"; prepared for NSW DPI by P.J.Neville & Associates

Stevens, R., Cartwright, I. and Neville, P. (2012) "Independent Review of NSW Commercial Fisheries Policy, Management and Administration", prepared for NSW DPI.