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18 April 2016

Australian Marine Fisheries and Aquaculture  
Productivity Commission  
GPO Box 1428  
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Via: [fisheries.inquiry@pc.gov.au](mailto:fisheries.inquiry@pc.gov.au)

Dear Productivity Commission

### **Australian Marine Fisheries and Aquaculture Issues Paper**

On behalf of the Victorian seafood industry, I welcome the opportunity to submit industry views on the Productivity Commission's Issues Paper regarding marine fisheries and aquaculture.

Victoria's commercial fishing industry is strongly committed to responsible and sustainably harvesting seafood, and contributes substantially to Victoria's economy whilst supporting coastal and regional communities. Victoria's commercial fisheries are diverse, small-scale, and primarily comprised of hard-working family businesses.

Fisheries in Victoria have an important place in Australian heritage, both culturally and historically, having operated for over 170 years. Given Victorian commercial fisheries sustainability and socio-economic credentials, we hope the Productivity Commission will provide an opportunity to make improvements to the secure Victoria's commercial fish production, and support small-scale producer enterprises and family owned and operated businesses in Australian fisheries.

This letter provides comments against the relevant requests for information as per those outlined in the Issues Paper, and presents the key issues facing the commercial seafood industry's productivity and competitiveness in Victoria.

Some of the key issues facing the Victorian seafood industry are:

- Lack of long-term access certainty;
- Politicised decision making;
- Insufficient transparency within the cost recovery framework;
- Lack of departmental capacity;
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- Inability of current management to promote growth and development of commercial interests;
- The complexity of the OCS;
- Poor resource sharing and overarching management of fish stocks;
- Solid data collection from commercial fisheries, but significant lack of data from other resource extractors;
- Multiple jurisdictional management responsibilities;
- Poor position for industry created through over burdensome management resulting in decreased incentive for investment.

Our main focus areas are securing access to sustainable marine resources; improving equity of opportunity between State and Territory commercial fisheries; better mechanisms for resource sharing, including identifying beneficiaries; and improving transparency to ensure fairness.

### **Australian Fisheries:**

#### **Response:**

Currently Victoria's marine resources are shared between a number of users, including commercial fisheries, indigenous fisheries, recreational users, aquaculture, tourism and oil and gas operators. Fisheries resources are currently shared between commercial, indigenous, recreational and illegal fishers.

Commercial fishers in Victoria respect and agree, in principle, with resource sharing as prescribed in the *Fisheries Act 1995* (Vic.), however to date resource sharing in Victoria has not been implemented to ensure fairness and transparency in implementing resource sharing. Currently commercial fisheries have not been given equal rights of access to other users, and the public consumer is given no rights or voice, despite the ownership of Australia's fisheries resources being specifically vested in the Australian community as per the *Fisheries Management Act 1991*.

There is a real need for this process to identify clearly what is expected of fisheries managers (both State and Commonwealth) when considering competing uses and the value each provide to the ongoing, long-term management of the fisheries resource.

Promotion of industry, in the form of adequately informing the community of the high level of regulation imposed on commercial fisheries in Australia has been a true shortcoming in the responsibility of fisheries management. Should the community be aware of the science, management and compliance of commercial fisheries – ensuring resource sustainability and ecological protection – then the commercial fishers would not have the level of insecurity they are currently exposed to.

#### *Resource sharing between commercial and recreational fisheries*

Across Australia small-scale fisheries are being removed or restricted in order to give increased access to resources for recreational fisheries, these same fisheries are promoted across the world as environmentally friendly and best practice. The latest example of this in Victoria was the removal of the sustainable, small-scale, low-impact net fishery in Port Phillip Bay, which had co-existed with recreational fishing for over 170 years. Through effective responsible management and harvesting this fishery had been accredited as ecologically sustainable by the State government and through independent assessment. Ecologically and economically sustainable commercial fisheries, such as the Port Phillip Bay fishery, achieve the ultimate aim of fisheries management, and what we should be striving for in all Australian fisheries.

However, due to supposed votes, the recreational sector currently has the ability to reduce access of commercial fisheries without a transparent decision-making process, and despite

the sustainability credentials of the commercial sector. Unfortunately fishing families lose their businesses due to an unfair and non-transparent political process.

In the face of this disparity, particularly in regard to the recreational fishing sector, it is important to understand the true ecological impact of recreational fishing in order for policy-makers to be able to make evidence-based policy decisions. At present there is at best a guesstimate of the take from recreational fisheries across Victoria, and it is important for decision makers and the public to understand the impact of recreational fishing. There is a real need for a uniformed approach across Australia to better understand the take of fisheries resources from the recreational and illegal fisheries to ensure management decisions are supported by the best available information and not made on beliefs.

### *Inclusion of consumers as a stakeholder in Fisheries Management decisions*

The Fisheries Management Act 1991 specifically outlines that Australian Government policy with respect to fishery management is based on the principle that fisheries are a community-owned resource. Without due consideration of the Australian consumer in policy decisions regarding access of shared resources, the Australian community lose.

The Australian public own and have rights to the product produced by our wild caught fisheries. When sustainable commercial fisheries are closed or restricted, communities are denied a source of local, high quality, and sustainable sourced seafood.

Allocating more fishing rights in Australian waters to recreational fishers is a clear issue of equity, as it puts what is essentially a public resource in the hands of the wealthy minority that can afford the time and equipment to recreationally fish (Ford and Gilmour 2013). It also must call into question the management regime in place for respective fisheries to ensure the long-term sustainability. The *Fisheries Act 1995* (Vic.) sets out clearly in Objective C that fisheries management must 'promote sustainable commercial fishing and viable aquaculture industries and quality recreational fishing opportunities for the benefit of present and future generations'.

## **Commercial Fishing**

### **Response:**

Input controls are successful measures of control to help the seafood industry to be sustainable, however to what extent the Government sets these input controls must be agreed with industry. Simply limiting the size of a fishing boat will not deliver a desired effect, it must be considered in a suite of management controls in consultation with industry. If the necessary information is available to apply output controls (quota's) then this form of management is also successful in ensuring sustainable fish stocks. In multi-species fisheries there are serious limitations in applying output controls.

One major issues with fisheries management is that fisheries are consistently managed through increased regulation on the commercial sector with little/no measures requiring the recreational sector to be accountable to the public for their extraction of these community owned resources.

Harvest strategies certainly have a role in furthering our precautionary approach to fisheries management already implemented in Victoria, providing they have clear rules to drive adjustments (both up and down) as guided by the best available scientific information. The broad adoption of both management plans and harvest strategies for fisheries across the country would go a long way to increasing industries social licence to operate. However, caution must be taken when developing harvest strategies and must ensure a solid understanding of all extractions of the fisheries resource. The National Guidelines to developing Harvest Strategies is a solid starting point for the discussions.

Unnecessary regulatory burden and red-tape, including duplication causes unnecessary costs for industry, leading to fishing businesses being less profitable and less-enticing as an

investment opportunity. A commercial fishing licence and licenced fishing boat used to be enough in Victorian for a commercial fisher to be able to sell fish, these days boats and trucks in Victoria moving fish must also be licenced by PrimeSafe (food regulator) – this is an excessive burden on small-scale, family owned businesses.

The introduction of the *Seafood Safety Act 2003* (Vic.) requiring safe food handling and licencing requirements, simply added additional costs with no benefit for either fishermen or consumers. The level of any health risks for consumers from fresh, local seafood is essentially non-existent.

Insecurity of tenure and licencing in the commercial fishing sector results in high uncertainty of the future of individual fishing businesses. This is a major impediment to productivity of existing fishing businesses and encouraging recruitment into the industry. Recognising and championing the importance of the human capital of the fishing industry by the Government (State and Federal) is a key investment in the long term viability of the commercial fishing industry's most valuable asset – the people.

The key deliverable from this Inquiry must be to secure seafood supplies to the Australian public, which is achievable through removing political gain from implementing closures on sustainable fishing industries as a vote buying exercise from politicians. We must continue to emphasise that Australian fisheries are a crucially important, viable food producing industry. And must be supported by robust scientific evidence that identified the industry's sustainability.

We have identified a number of avenues that should also be considered by the Productivity Commission:

*Recognition and implementation of the objectives of the Federal, State and Territories Fisheries Acts*

Each State and Territory has a Fisheries Act or equivalent, in addition to the Australian Fisheries Management Act 1991. These Acts set out the objectives of fisheries management and universally include objectives of ecological sustainability and resource sharing that aim to maximise the benefit to the community and future generations, as well as setting principles of transparency, participation and consultation in decision making. However, in Victoria (as outlined above), these objectives are selectively ignored and overshadowed through implementation of political decisions, not based on science, sustainability or proper fisheries management.

In Victoria, we firmly believe that there are opportunities to change this culture of policy-making and advocate for an adaptive co-management approach to fisheries management. An inclusive approach to management has been shown to improve compliance and reduce conflict, as well as, importantly, reduce uncertainty in surprise policy changes for the commercial fishing industry, and thus increase productivity.

*Recognition of the social implications of uncertainty*

The Productivity inquiry specifically asks for information regarding social objectives of fisheries management. Currently there is little recognition of the links between social objectives and economic or ecological objectives. We would like to draw the attention of the Productivity Commission to recent Australian research on the mental health concerns in the fishing industry (RIRDC funded 'Staying Healthy: Behaviours and services used by farmers and fishers –11-166'; FRDC funded 'Staying Healthy: Industry organisations influence on behaviours and services used by fishers –2012/402'). Mental health problems are higher than average in the fishing industry, exacerbated by uncertainties including high debt with insecurity of tenure and licencing. While mental health and well-being issues, including suicide, are well-recognised among the Australian agriculture industry, it is reported that the same recognition is required in planning for and working with commercial fishers. It is critical

that policy making and change identifies and addresses serious impacts and potential losses that are incurred through the poor health and wellbeing of the industry's human capital.

#### *Encouraging entrants into commercial fisheries*

In order to grow the productivity of Australian commercial fisheries, it is important to encourage and facilitate new entrants into the industry. The fishing industry world-wide face difficulties in recruiting young people into industry. As with many fisheries in Australia, Victorian fisheries are different, with the sons and daughters of existing fishers being keen to enter the industry, take over the family business, and participate in developing innovative and sustainable fishing enterprises.

Fishing businesses rely on high levels of local knowledge and skills learned over generations. However, barriers exist for new entrants, including non-transferability of access licences and a lack of basic training programs for new entrants. Victoria urges the Productivity Commission to consider a review of opportunities for new entrants in order to continue to grow vibrant, innovative and sustainable (economically and ecologically) fisheries in Australia.

#### *Operation of ITQ systems and complexities*

Individual Transferable Quota (ITQ) fisheries are successful in that, over time, they tend to achieve their intended outcome in restoring / improving fish stocks (and thus the value of the fishery). This inevitably occurs as a result of rationalisation within industry that sees the number of Industry participants reduce. Unfortunately, it can also lead to unintended consequences, such as establishing a monopoly. This can also result in an unintended redistribution of the economic benefits of commercial fishing from the (mostly) rural communities in which the fishing takes place to the urban-based investors. Over time this can lead to a catastrophic impact on socio-economic health of those rural communities. This is something that has different measures of regulation in fisheries across Australia and should be further investigated in this Inquiry.

Further to the problems of mismanaged ITQ's is the potential flow-on consequence that, in the absence of any oversight or control, the (quota) ownership of these Crown resources (owned by the community) becoming the target of foreign investors. This adds an additional layer of concern in that the control and economic benefits of the exploitation of the resource is then largely flowing offshore.

Collectively, these unintended consequences also limit entry to the fishery for new/young entrants and can also change the nature of the stewardship of the resource. Small, local operators looking to pass on family businesses have a vested interest in the future wellbeing of the resource. These unintended consequences in Australia should be acknowledged, assessed and addressed. I note that Tasmania, in their Fisheries Regulations, have provision to limit concentration which is something that secures some long-term benefit for Australia.

### **Illegal Fishing Activities**

#### **Response:**

Victoria has a significant ongoing issue with illegal fishing syndicates for high-valued species, such as abalone and rock lobster, however in recent times these activities are growing. A number of factors are contributing to an ever increasing illegal fishing industry in Victoria and more broadly across Australia, including:

- A significant lack of compliance officers to ensure the appropriate level of enforcement, surveillance and inspections are undertaken to prevent, deter and eliminate illegal fishing.



- Ever reducing numbers of operators in commercial fisheries, leading to increased value of fish species in the market, making the risk for illegal operations almost negligible with the low probability of being caught and high return.
- With Victoria increasing the number of recreational fishers, while reducing the number of commercial fishers and reducing the amount of local seafood, we are already seeing issues with an increasing black market for local fish. There is a significant issue here that must be addressed.

Illegal fishing matters must be handled by the respective government authority, there is no support for any role being played by non-government bodies and would not provide a workable solution that would be in the best interest of the industry or the community.

### **Multi-jurisdictional Governance**

#### **Response:**

Numerous fisheries in Victoria target straddling stocks that are also targeted in Commonwealth and other State fisheries, including the high-value Scallop, Abalone and Rock Lobster fisheries. These same stocks also compete for space in markets. However, independent fisheries assessments (which determine TACCs and State regulations) differ in their delivery, methodology and models.

There are a number of other straddling stocks, including Snapper, Mulloway, Kingfish, Eels and more.

Consistency and sharing of information and science across states is essential for the continued sustainability of key stocks, while ensuring total extraction is not providing an advantage for operators in one State over operators in a bordering State.

We provide a few matters for the Productivity Commission Inquiry's consideration in assessing the broad management approach best used in Australia including:

- Alignment of the science used and rules applied for straddling stocks, a fundamental change that is essential for fishing businesses to have equal opportunity and removing barriers currently making some fisheries uncompetitive.
- A shift towards more participatory, and collaborative co-management approach should be investigated and considered, allowing for transparent negotiation and decision-making processes, which respects the knowledge of all stakeholders.

### **Management and Governance Models**

#### **Response:**

In Victoria, commercial fisheries are competitively disadvantaged due to differing food safety regulations in each State and Territory, combined with a dire need for increased Government support for commercial fishing and seafood operations. In this section we provide industry comment on matters such as food safety regulation, adaptive co-management, public awareness, country of origin labelling and accreditation.

#### *Food safety regulation*

Primesafe is the Victorian Food Safety regulator for wild catch seafood, unprocessed seafood and imported seafood. Excessive licence and registration fees, and red tape places the Victorian seafood industry at a competitive disadvantage compared with other states and other protein sources. The Victorian seafood industry has been assessed and presents a very low risk overall, if any risk at all (Primesafe, 2014 Seafood Assessment), to food safety. Therefore the requirement for the entire supply chain to be licensed by PrimeSafe is simply an unnecessary regulatory burden, one that is not present in most other states and also results in significant double-dipping of licence fees through the industry.

At present the Victorian seafood industry contributes approximately \$600,000 per annum to PrimeSafe in licence fees, which equates to approximately 30 per cent of PrimeSafe's annual income from licence and registration fees. The quantity of seafood equates to less than 1 per cent of throughput under PrimeSafe's purview. This is simply absurd and needs a significant review and requires pressure from Government for change to occur.

The requirements placed on the commercial fishing industry in terms of cost and red tape drastically reduces the competitiveness of Victorian seafood with other States and Territories not subject to these food safety regulatory requirements and fees.

#### *Improved consultation, participation and transparency with adaptive co-management*

There is a clear need for the approach of fisheries management in Australia to change. Top-down approaches to management have been widely criticised by researchers, managers and fishers themselves. Consultation with industry, and trust in fisheries policy makers and managers, is perceived as poor among the commercial fishing industry.

For marine fisheries, management approaches, such as co-management arrangements that draw on a diversity of sources of knowledge and are based on shared objectives are generally more appropriate for integrated resource management than conventional centralised approaches. Co-management approaches can be tailored to place and situation, as well as be flexible and adaptive.

It is well-documented that legislation and policy designed to empower stakeholders to adaptively co-manage marine resources can resolve conflicts through working together to build a legitimate system that is supported by the community, is considered a key tool for long-term sustainable governance and management of marine resources, and can improve the efficiency and efficacy of commercial fishing operations (Dunn et al. 2016, Gutierrez et al. 2011).

#### *Increasing public awareness of commercial fisheries*

Australia can be proud of our responsibly-managed marine fisheries. However, the Australian community are largely unaware of the sustainability of Australian fisheries. In fact, a recent FRDC report stated that public awareness about the sustainability of Australian fisheries is poor, despite its credentials. In 2013, just 30% of Australians believed the commercial fisheries of Australia were sustainable (Sparks (2013) Community perceptions of the sustainability of the fishing industry in Australia).

The visibility of the extreme efforts of industry and government in managing fish stocks sustainably remain very low (just 15% of people are aware of Government efforts). There remains an ongoing challenge to continue to inform, educate and influence community perceptions about the long term sustainability of the fishing industry.

Australians consider the responsibility for ensuring sustainability lies with Government departments (State and Federal) as well as with industry itself, which means it lies with both the Government and industry to promote the sustainability of Australian fisheries. It is important that a coordinated awareness program for the Australian public to showcase the positive story of Australian fisheries. There are several options for increasing awareness which could be considered in this Inquiry, including labelling.

#### *Country of Origin Labelling*

Currently Country of Origin labelling does not apply to cooked and prepared seafood. However, next to freshness, country of origin is the second most import influential factor in Australian's choice of seafood.

Research has proven that Australians are prepared to pay more for local seafood because they: (i) Trust the quality of Australian seafood; (ii) Make the connection that it supports jobs for Australians; (iii) Value the contribution the fishing industry makes to the national

economy; (iv) Value the nation's commitment to good fisheries management to ensure the Australian seafood harvest is sustainable; and (v) Appreciate the reasons why Australian seafood costs more to produce.

The Victorian fishing industry supports the National Seafood Industry Alliance campaign to implement CoOL labelling of seafood in the food services sector.

We also draw the Inquiry's attention to the recommendation of the Commonwealth Government's Senate, Rural and Regional Affairs and Transport References Committee Report: Labelling of seafood and seafood products. Particularly noting that 'The committee recommends that the exemption regarding country of origin labelling under Standard 1.2.11 of the Australia New Zealand Food Standards Code for cooked or pre-prepared seafood sold by the food services sector be removed, subject to a transition period of no more than 12 months.'

The Commission must recommend the Government implement the Recommendation from two Parliamentary Inquiries to remove the current exemption regarding Country of Origin Food Labelling applied to cooked or pre-prepared seafood sold by food-service sector under Standard 1.2.11 of the ANZ Food Standards Code. Comprehensive labelling will ensure the Consumer is not misled.

### *Accreditation*

While accreditation programs, such as the Marine Stewardship Council, can be a powerful tool for providing sustainable fisheries choices to consumers, there are serious limitations for small-scale fisheries. Certification/accreditation programs are extremely expensive, not just for initial assessment but also for the ongoing right to be certified.

The Productivity Commission should be aware of these limitations for small-scale fisheries when providing advice on Accreditation. Key limitations are: (i) It is impossible for small-scale fisheries to access most certification schemes due to overwhelming costs of certification; (ii) the majority of certifiers do not assess social impacts of fishing (such as working conditions of fishing crews which may be important for imported fish), or the health and safety practices of the fishing industry or the fish themselves; (iii) accreditation programs also tend not to assess the carbon footprint of fisheries as they are caught and transported, which has implications for contribution to climate change. Other accreditation schemes that do address these issues are not as well recognised by the Australian public, but can be more readily accessible to industry and provide a significantly lower cost burden.

Therefore, while SIV believes accreditation can be a useful tool to secure fisheries, a system that can be accessed by all Australian fisheries, including small-scale fisheries, should be designed. This could be a system based on the current Status of Australian Fish Stocks Reports, which separates out stocks and fisheries for key species and also assess the management arrangements in place for each fishery. Sustainability criteria could also include social criteria, as well as carbon footprint.

### **Cost Recovery in Managing Fisheries**

#### **Response:**

The Victorian commercial fishing industry are in the final year, of a four year timeframe, of a new prospective cost recovery regime being forced upon them. The new cost recovery regime is resulting in very large increases in fees to continue operating for the vast majority of fishers, which very little increase in transparency of service delivery.

As a part of the implementation industry have been seeking the contestability of services given the Victorian Government is essentially operating a fee for service provision (a business). Some services provided by Fisheries Victoria are able to be provided by an external supplier and should provide an avenue for industry to direct the provision of these



services. However at present in Victoria there are tender processes being run for the delivery of services that will be paid for with 100 per cent industry funds, however industry has no say in who will deliver the services.

The Victorian abalone fishing industry continue after decades to pay a 'royalty' which was implemented when there was definitely a super profit being made in this sector. With decreasing beach prices for abalone, it has been many years since the industry has made a super profit and therefore the abalone fishery are paying significantly more to the State Government than the costs associated with managing the fishery. The abalone royalty applied in Victoria must be abolished immediately and this Inquiry has the opportunity to make such recommendations.

Seafood Industry Victoria on behalf of all Victorian fishing licence holders continues to request information to resolve many aspects of cost recovery in Victoria, including:

- Actual cost of service delivery vs those cost charged in advance of service delivery.
- Provision of work schedules and accountability of Victorian fisheries managers, including how these meet the services actually delivered.

Seafood Industry Victoria continues to find road blocks when trying to reveal issues with the cost recovery system applied in Victoria. There remains a lack of transparency and a significant deficiency of fisheries management accountability to industry, for the provision of suitable and efficient services. The operation of Fisheries Victoria, within the Department of Economic Development, Jobs, Transport and Resources, provides no clear and understandable assessment of services with regards to the implementation of a user pays system, including the contribution of recreational resource users in the overall management of fisheries.

Costs of operation for commercial fishing operators must be reduced, no additional costs are supported by industry. The already excessive costs of operating including management, licence, research, food safety, vessel upkeep and operational costs already place a significant burden on a large number of operators.

I thank you for your consideration of the above information and look forward to seeing the Draft Report of the Inquiry. Please feel free to contact me if you have any questions.

Yours sincerely

Johnathon Davey  
Executive Director