Response by the Australian SBT Industry Association (ASBTIA)

to the

Draft Report **of the Productivity Commission Inquiry into the Regulation of Australian Marine Fisheries and Aquaculture Sectors (2016)**

Contents

Comments on Draft Report

Background

ASBTIA represents the Australian Southern Bluefin Tuna (SBT) Quota owners and the fishing and aquaculture users of that quota.

Our original submission to the Inquiry was No. 59.

Core request on the Draft Report

The Commission has identified SBT as a high priority for reform (draft Report page 172), and Australia has committed to CCSBT to begin to debit recreational catch in Australia from December 2017 (www.ccsbt.org – 2016 Commission meeting report). To achieve this, our core request is that the Commission expands its analysis on the related issues of:

(1) ITQ's and,
(2) The pathway to include charter and recreational catch in Australia's Southern Bluefin Tuna (SBT) quota – an issue which ***must be resolved in CY 2017***.
The draft Report has outlined a lot of the pathway but needs to be more specific on the crucial issue – under what conditions the quota would be re-allocated from the commercial sector to cover the recreational catch. This re-allocation is required to maintain the core benefits of ITQ's and the commitments made – and to give recreational catch long-term security and management.

We request that the final Report outlines explicitly that any ***re-allocation of rights*** to cover the SBT recreational catch must be based on someone funding that re-allocation. Perpetual and tradeable ***shares*** have been the foundation of the ITQ system for SBT since 1984 when the Government accepted the recommendations of the Industries Assistance Commission, the predecessor to the Productivity Commission.

The task is how to achieve long-term security for recreational access to SBT through re-allocation from the commercial sector. The draft Report notes that:

> ''The legal basis of fishing rights varies in Australia. Most fishing rights with perpetual rights to fish, even in instances where perpetual rights are not granted, current holders are protected from having their rights assigned to other fishers. In many instances, commercial fishers are legally entitled to be compensated if their rights to fish are revoked'' (page 93).

Based on these principles, and the normal government practice in Australia (see later), it follows that the required re-allocation of SBT Statutory Fishing Rights (SFR's) needs to be funded. In its final Report, the PC might suggest how this is best achieved.

Other comments on the draft report

The PC has done a very good job in:

(1) Recognising the major progress in ensuring sustainable fisheries management in Australia, and identifying areas of further improvement.
(2) Raising ***all*** the issues faced by fisheries and aquaculture in Australia. The Report is a high quality reference document which should be used for decision-making in the future by groups such as Commonwealth/State Ministerial meetings and the Australian Fisheries Managers Forum.

Within the Inquiry's Terms of Reference, recreational fishing and the rights re-allocation is the only substantial issue faced by SBT. We have no bycatch issue, no disagreement with cost recovery, and no difficulties with marine parks, fish names and COOL. However, we have direct experience with some of these. Therefore:

(1) Where ASBTIA disagrees with the draft, we have given our rationale.
(2) Where ASBTIA agrees with the draft, we have added points which may be helpful.

The pathway to including recreational catch in the Australian allocated SBT quota

The background to this is:

(1) The draft Report concludes that commercial fisheries should move as a default position to apply transferable quota systems (page 2 and Draft Recommendation 3.1). SBT was the first fishery in Australia to have ITQ's, and one of the first in the world (Geen, 1989).
(2) ITQ's for SBT in Australia were introduced in 1984 – based on recommendations by the IAC (IAC, 1984).
(3) Some statements from the 1984 IAC Report (our emphasis):
    a. ''The biological and economic objectives identified in the reference would be most directly achieved by establishing delineated and enforceable rights to the SBT fishery (in the form of ***perpetual entitlements to shares*** of an Australian quota).''
    b. "In summary, the Commission considers it of paramount importance that entitlements to ***shares*** in the Australian quota apply in ***perpetuity***" (page 44).
    c. Recommendation: ''***perpetual*** entitlements be established to ***shares*** of the Australian quota'' (page 67).
    d. Entitlements be fully transferable and that there be no maximum or minimum holding (page 45).
    e. ''The introduction of transferable entitlements to ***shares*** of an Australian quota, suggested by some witnesses and recommended by the Commission, would assist adjustment both in the short term and long term'' (page 49).

f. ''A more direct way of facilitating the operation of the credit market (for lending), in relation to SBT, would be to clearly delineate the rights to the fishery. In recommending the establishment of ***perpetual, transferable rights***, the Commission has provided the first step in that direction'' (page 57).
g. "In the case of SBT, the Commission suggests that entitlement holders bear the full cost of any adjustment assistance'' (page 63).
h. ''In order to encourage the efficient development of the fishery and to conserve the resource, the Commission has suggested a quota of about 14,000 tonnes for the 2004/05 season.'' (page 49).
i. ''Given current economic pressures in the fishery, a 14,000 tonnes quota combined with transferable entitlements should lead to rationalisation of the fleet – both in terms of numbers and types of boats'' (page 49).

The post-1984 literature

An example is Rose 2002 (then ABARE) – in assessing ITQ's:

> ''ITQs may improve the efficiency of fisheries management if they give fishers effective property rights over a portion of the catch. The most important characteristics of effective property rights are exclusivity, transferability and enforceability.'' (page 8)

The current literature

The current literature notes that aside from the economic implications of ITQ's:

> "If an individual or entity holding quota shares cannot be certain of their share of the future benefits from stock rebuilding, they may be less likely to support reduced harvest in the present.'' (Melnychuk et al, 2016)

The Australian SBT industry supported the SBT quota cuts in 1989, 1990 and 2009-2011 – on the reasonable assumption that when the stock re-builds that the commitment to the shares would continue.

What the 2016 PC draft Report says

(1) It emphasises the importance of setting of quotas as shares to allow automatic adjustment when any changes occur to total allowable catch limits (page 84).

(2) Again ''The legal basis of fishing rights varies in Australia. Most fishing rights with perpetual rights to fish, even in instances where perpetual rights are not granted, current holders are protected from having their rights assigned to other fishers. In many instances, commercial fishers are legally entitled to be compensated if their rights to fish are revoked'' (page 93)

The Commonwealth Government approach

The financial credibility and strength of the ITQ system depends on the ITQ being a perpetual share of the quota. This was further recognised by the Australian Government when it amended the FMA 1991 to effectively require a new Management Plan to issue the rights to the same holders and in the same proportions as in the revoked Plan (Section 31B).

Even if the meaning and intent of that change is challenged, the practice of Commonwealth and State Governments in funding adjustment to new management arrangements has been very clear. For example, in the Commonwealth Government Policy Statement 2012 – page IV:

> '' • The Australian Government policy is that fisheries management regimes are designed to facilitate market--- based autonomous adjustment to changes in fisheries management arrangements.
>
> • Where fishing effort has been, or should be, removed from a fishery through normal management action to meet fisheries objectives, adjustment assistance is not preferred, and has only been used ***to facilitate the introduction of new fisheries management arrangements***." (our emphasis).

Re-allocating rights from one sector (the commercial catch with perpetual shares) to another catching sector is clearly ''the introduction of new management arrangements.''

This Commonwealth Government Policy is consistent with the approach taken in the 2006 structural adjustment package for almost all Commonwealth Fisheries (except SBT). Under this Securing Our Fishing Future Package, $220 million was granted (McPhee, 2008) to change the management arrangements in these fisheries (AFMA, 2006), to ITQ's or alternative secure rights. As outlined in AFMA 2006:

> ''As a result of these decisions by government, the way in which many Commonwealth fisheries are being managed will change. For some fisheries this will mean accelerating measures underway through current management arrangements and plans whilst for others it will mean developing new arrangements.''

The approach of State Governments

Almost all State Governments provide structural adjustment funding in fisheries. In NSW, the commercial fishing industry has traditionally been eligible for monetary compensation as part of various industry reform initiatives (Barrett 2014). In 2016, the NSW Government has provided $16 million to the commercial industry to adjust to new catch shares programs.

As noted in the draft Report (page 72), the most recent example funding is by the current Victorian Government which has allocated $27 million to change management arrangements in

Port Phillip Bay (Age 2015). The rationale of the Victorian Government is that the Port Phillip Bay changes will increase the access security of the recreational sector in Port Phillip Bay, and will assist Victoria to achieve its target of one million recreational fishers by 2020 (Age 2015). Using this rationale means that the $27 million government investment is possibly more properly adjustment assistance to the recreational sector.

The CCSBT and Australian recreational fishing

The issue of Australia's recreational catch was first raised in the CCSBT in 2004 (see www.ccsbt.org (Commission meetings/reports). Since then it has been raised in the Commission almost every year. Every year Australia has indicated the national allocation to Australia would be the commercial allocation, and this has never been varied.

The Australian SBT Industry response 1984-2016

In 1984, based on these findings and recommendations on ITQ's, the IAC ***correctly*** advised the Government not to provide any adjustment assistance to the SBT industry (IAC 1984). The Australian Government accepted the IAC's recommendations, and the SBT Management Plan issued ***perpetual*** rights in the form of ***fixed*** shares of the Total Allowable Catch (TAC).

The 2016 draft PC Report notes that ITQ's lead to autonomous adjustment. This is a key reason for the Australian Government's support for ITQ's. This adjustment occurs because the perpetual share rights emphasised in the IAC's 1984 SBT proposals worked as expected – SBT companies borrowed, rationalised the industry, and continue to do so on a significant scale (see Geen, 1989; Kaufman 1999, and Confidential Appendix One).

The Australian industry and the Banks accepted that the perpetual rights in that form (Geen 1989; Mazur, 2015) provided the foundation to borrow to purchase large amounts of quota. As a result, South Australian operators were funded by the Banks to increase their share of the national quota from 66% in 1984 to 91% in 1988 (Geen 1989). There was also significant quota trading ***within*** SA.

Despite all the quota cuts in 1989, 1990 and 2009-2011 (see Attachment One) and receiverships in 1990-1992 – ***the SBT industry has never asked for, or received, any adjustment assistance.*** This includes the current extended period (2013- 2016) of historically low prices (see Attachment Two). For example, in 2006, the Australian Government provided over $220 million for restructuring of Commonwealth Fisheries (McPhee 2008). The SBT industry did not seek or receive any of those restructuring funds.

Industry's reasoning is the same as the IAC in 1984, and in the literature referenced in our submission - the perpetual shares themselves are the appropriate adjustment mechanism. The reason for the SBT quota cuts were the large-scale High Seas overcatch (see Polacheck 2012). However, we accept this as a normal business risk in an international fishery – and it is not the responsibility of the community or governments to fund the restructuring required.

We also accept the business risks of substantial fluctuations in the quota trade values – for SBT see ***Confidential*** Appendix One. However, these major fluctuations do provide a valuation challenge for Banks in collateral assessment. A Bank may decide to fund 40-60% of the quota value (Mazur 2015) but what happens when the quota value fluctuates. This should be no different to funding a cattle or wheat farm with changing land values, and that is why perpetual shares of the quota provide greater assurance for funding institutions.

SBT and the importance of collateral

SBT farmed product is Australia's largest aquaculture export. The global tuna farming technology was developed in Port Lincoln in 1991, and the industry has continued to improve productivity. The technology has spread to Mexico and Japan for Pacific Bluefin Tuna and to Mediterranean countries for Atlantic Bluefin. Australia remains the technological leader in Bluefin Tuna farming, and despite higher feed and regulatory costs, is possibly the lowest cost producer.

In Australia, the farming system is based on capturing about 300,000 live SBT, growing out for 6-7 months, doubling the weight and adding substantial market qualities. Essentially the industry has turned a $1/kg catch for canning into high value-added harvest.

SBT is possibly an extreme in depending on collateral because:

- The quota covers a longer supply chain – from wild capture to farming, unique in Australia.
- It is high value-added, so requiring larger risk investment.
- It most often uses highly specialised hardware, which is much less saleable, and so has limited collateral value.
- It is totally export, with dependence on exchange rate risk. This is aggravated by the SBT only being available to catch over a 4 month period, and by the holding of the SBT for 6 months growout. Early or late harvesting are not really options.

In SBT the use of quota for collateral underpins the whole industry because it funds:

- Capital expenditure (eg boats, offshore farming hardware)
- Operating capital (catching, feed, staff, maintenance, overheads) during the growout
- Currency hedging contracts – we sell all in Yen, and hedging is required. There is no forward tuna market.
- Periods of very low prices (see Attachment Two).

All this collateral is dependent on the rights being transferable and being perpetual rights to a share of the quota. It is unrealistic to assume that this principle, and lending security, can be breached without significantly undermining the effectiveness of ITQ's, especially in SBT.

The Commonwealth's role in managing recreational fishers

The Commonwealth's overriding powers to manage the SBT recreational fishery is described in the draft Report (see pages 63 and 116). The draft Report also recognises the costs of transferring to one jurisdiction (page 153).

Recreational and commercial catches

See Attachment One – showing the recreational catch as less than 20 tonnes in 1984, when the total quota of 14,500 tonnes was issued (see Attachment One, and Cardno 2012). The 1984 IAC Report (page 44) noted that there was a small recreational catch but left it to these recreational catchers to apply for quota like everyone else. Since then:

- The catch quota has been reduced from 14,500 tonnes to a low of 4,015 tonnes pa in 2009-2011, but is now recovering to 5,665 tonnes in 2016 (see Attachment One).
- The recreational catch has increased from the estimated 16 tonnes in the 1990's to a large catch in the middle of this decade (see Confidential Appendix Three).

The current bag and possession limits – personal consumption.

We have limited experience of the drivers of recreational fishing – but the draft Report and Georgeson 2015 note in detail the personal consumption element, the social benefit, the benefit to local businesses, and that SBT is Victoria's premier sports fish (presumably also in SA and Tasmania).

What we can comment on is the personal consumption parameters. For example:

- The recovery rate from processing an SBT is about 85% (see www.ccsbt.org). This means, assuming an average of 25kg/fish catch weight, that the current bag limit of 2/day in Victoria, Tasmania and SA, after processing is 42.5kg of meat.
- The quality shelf life of SBT is about 3-4 days, unless the product is held at super low temperatures (eg minus 60^0C).

Our suggestion is that one of the necessary first steps is a reconsideration of the current bag and possession limits. Currently:

- NSW has moved its bag limit from five to one/day (Cardno 2012).
- Victoria, SA and Tasmania remain at two/day. In Victoria there is a possession limit of 2 fish or 160kg (page 271 of the draft report).
- SBT is declared endangered in Victoria but this has never triggered a review of bag/boat/possession limits. SBT is caught under an exemption to the Act.

Impact of changing the bag limit to one/day

Cardno 2012 (page 34) concluded that changing the bag limit in NSW from 5/day to 1/day:

> ''The reduction in take limits would be unlikely to significantly affect angler participation as they would still allow SBT to be landed.''

In other States, a catch quota with the bag limit remaining at two/day is likely to limit numbers participating. A move to one/day would be likely to increase participation – and in Victoria would be likely to contribute more to the State Government target of one million recreational fishers by 2020.

Valuations of the SBT recreational fishery

The draft Report outlines the some of the alternative methodologies for valuing the recreational SBT catch. These are also outlined in Georgeson 2015 and in other recent studies by Deloitte 2013 and Ernst & Young 2015. Examples of this are:

- Charter boat charges: Possibly 40% of this recreational catch is taken on commercial charter boats (Deloitte 2013). These boats charge up to $300/8 hour trip per individual customer (eg see www.southerncoastcharters.com). Other sites show $250 per person/day/for 10 people (eg www.prolinecharters.com.au). Note: The Victorian SBT fishing grounds the SBT are relatively close to shore.
- The Deloitte calculation: In valuing the 2012 Portland SBT season, Deloitte calculated a willingness to pay $508/per charter boat angler fishing day, and an average of $381/day for all anglers. In total, Deloitte estimated the total industry valuation in 2012 at between $6.72 million to $9.03 million (Deloitte, 2014).
- Ernst & Young (VRFish 2015) used the market value of an SBT to indicate what a recreational fisher was prepared to pay for consumption purposes – about $147/14kg SBT.

These estimates indicate that recreational fishers, and commercial charter operators put a high valuation on catching an SBT. It follows that a tag/voucher system – similar to land hunting licences and/or the previous Shark Bay Pink Snapper tag system is a viable approach (Georgeson 2015).

Adjustment assistance and the recreational SBT fishery

This need for security was emphasised by recreational groups in their submissions (see page 160 of draft Report). This need is also emphasised by the Victorian Government:

> '' Most importantly, the Victorian Government has sought assurances from the Commonwealth Government that it will guarantee that recreational fishers can continue to fish for SBT. This is essential to provide the security necessary for local businesses and governments to plan their activities with confidence." (Victoria 2016)

These wider considerations of security of future access were also given by the Victorian Government in its decisions on the Port Phillip Bay buyout.

The PC draft Report also notes that quota and tags/vouchers provide a property right for the recreational fisher.

Our view is that the only way of giving long-term security to SBT recreational fishing is that adjustment assistance be provided to enable SBT catch quota to be purchased for the recreational sector.

Setting a quota for recreational catch and managing it

Draft Recommendation 6.2 in the draft Report is that the recreational catch should be managed by quota. Our view is that SBT is managed by quota internationally and domestically, and a quota limit is the only way of managing the Australian recreational catch. This is reinforced in the recreational fishery by:

(1) The stock is recovering.
(2) Victoria has a target of one million recreational fishers by 2020, and SBT is their premier sports fishery. Therefore, simply managing via a bag limit will not manage the fishery, unless there is a cap on the total catch.
(3) It can be managed by limiting the number of tags/vouchers which are issued (see page 119 of draft Report, and the discussion in Georgeson 2015.
(4) Tags/vouchers require registered names/contacts and this makes the required SBT surveys much more cost-effective.
(5) As the Commission suggests (page 74) there could be future transferability between the recreational and commercial sectors.

The issues which need to be considered are:

(1) How is the initial quota set? We agree that the 2017 recreational survey suggested in the draft Report, and widely discussed in the Commonwealth and State Governments, is a starting point. However, a single point survey in a variable fishery is not adequate, and further surveys are required – and can be economic if the tag system begins in 2017 or 2018 (see Georgeson 2015).
(2) When can the bag limit be reconsidered – to reduce the limit in Victoria, Tasmania and SA from 2/day to 1/day, and the possession limits also amended.
(3) Whether the tag/voucher is in per fish or kg ranges (eg 20-30kg).
(4) High grading under the tag/voucher system – partly addressed by the Recommendation in the draft Report to do a study on release mortalities, further to Tracey et al, 2016. This might also be partly addressed by possession limits of 1 fish/person.

The required pathway to re-allocating catching rights to SBT recreational catches

The mix of parallel and sequential steps are:

- Reduction in the bag limits in Victoria, SA and Tasmania to one/day to recognise that SBT are very large fish, with around 85% meat recovery rate. Even one/day appears far in excess of possible personal consumption.
- Introduction of total recreational catch quota limits as recommended in the draft Report.
- Complete the valuations of SBT recreational catch to assess capacity to pay.
- Management of quota limits by harvest tags and/or vouchers as recommended by the latest study (Georgeson 2015).
- A survey in the 2017 catching season (starts in SA around February, and in Victoria and Tasmania in April)
- Commonwealth/State negotiation on how the re-allocation of rights is to occur, how it is paid for, if is it allocated between States, and responsibility for future compliance.
- The process to acquire and re-allocate the required Statutory Fishing Rights from the current owners. Some of the options may be:
    a. Governments could provide adjustment assistance to the recreational sector so that the quota could be purchased to provide long-term security to the recreational sector.
    b. The quota could be partly purchased through channels such as the current recreational licence Trust Funds – this type of Fund exists only in NSW and Victoria (the major recreational SBT catching State).
    c. The quota could be purchased either by competitive tender or direct negotiation with quota owners.
    d. Income from the tags/vouchers can be used to re-pay the quota purchase cost, and to cover the administration of the tag/vouchers and compliance.
    e. The draft Report suggests that the quota could be possibly held by recreational fishing associations. We had already canvassed this with key recreational groups – but they may be concerned at the wider impact on an Association of having to set prices for tags and/or having to tell recreational fishers that the tags/vouchers had run out.
- Australia begins to debit the recreational catch from the CCSBT allocation to Australia.

Issues on which ASBTIA disagrees with the Commission's draft Recommendations

These are:

(1) Setting explicit catch limits on TEP's species.

(2) Keeping the recommendations of the Fish Names Committee voluntary.
(3) No restructuring of the EPBC and AFMA approvals process.

Setting explicit catch limits on TEP's (Draft Recommendation 7.3)

Our experience is that imposing continuous bycatch improvement programs and licence conditions have worked in Australian commercial fishing (and aquaculture) – and are far more cost-effective than explicit catch limits for government, the industry and wider community. The reasons are:

- Commercial fishing is often only one of the sources of TEP mortality. However, it is often the most identifiable because of the relatively high degree of monitoring. For example, the incidental take of seals by other sectors is significant. In summary, just focusing on fishing and aquaculture may not solve the problem.
- Imposing industry limits is unfair to operators with best practices and no real bycatch. The better way is individual accountability – and the advent of on-board cameras in two exposed fisheries (tropical tunas and southern shark) has enhanced the individual accountability option. The Threat Abatement Plan (TAP) for Seabirds is an important Australian primary industry success story – and is worth a Case Study in the Commission's final report. In that case, there was originally an area-based fleet limit which an accidental take by one boat triggered a total fishing closure – an inappropriate response.
  Note: AMSA has an individual accountability system through each registered vessel having its own Safety Management System (SMS).
- Calculating (and revising) Potential Biological Removals (PBR's) has been long-debated globally. It is very expensive, covers only a few highly monitored industries, and is very emotive. For example, if the dolphin or White Shark PBR's are X individuals, what actual ethical and other non-biological considerations are used to set an explicit mortality limit? These non-biological considerations are not scientific, but are increasingly the major drivers of any explicit mortality limit.

Our experience of this was the interaction of tuna farming with dolphins and White Sharks two decades ago, and more recently with NZ fur seals. All these have solved by engineering solutions and/or cultural change.

The question of whether to make Australian Fish Names Standard compulsory (Draft Recommendation 9.2)

The draft Report concludes that the recommendations of the Fish Names Committee should not be made a compulsory Australian Standard. The reasons we disagree with this are:

- Compulsory Standards are common-place in Australia. Fish names are a particularly difficult thing for a consumer and seller, and a clear direction is required.

- Without a Fish Names Standard, the only legal resort is the Australian Competition & Consumer Commission (ACCC). In the 2000's, one ASBTIA Member operated the only remaining tuna cannery in Australia, Port Lincoln Tuna Processors. A competitor was importing canned tuna using Longtail tuna, but labelling it as Northern Bluefin Tuna. ASBTIA went through a lengthy and time-intensive process with the ACCC which did result in the competitor cans being "voluntarily''re-labelled two years later. The problems were that, first it is difficult to get relatively minor issues to be a priority with the ACCC, and second that the ACCC did not have a clear direction from a Standard.
- The best way to approach this issue is to apply a cost/benefit approach to the issue.

Whether to restructure the current ESD requirements in the EPBC and FMA legislation

On page 192 of the draft Report the Commission recognises the current duplication between the EPBC and FM Acts but concludes that the advantages of the current system outweigh the disadvantages. Pease note that from a cost viewpoint we are advantaged by the current system because the Department of Environment does not recover costs of assessments. We also respect the difficult decisions the Department of Environment must make at the Departmental level – and they have always administered their responsibilities very fairly. However, we still disagree with the Commission's conclusions for the following reasons:

- In its draft Report, the Commission under-states the double and triple jeopardy effect. SBT has had, in the past, major sustainability concerns, and is still correctly assessed every 18-36 months under the EPBC Act. This is despite the CCSBT, using a Harvest Strategy model (see www.ccsbt.org), increasing the quota every year since 2011, and AFMA (using its ESD criteria, ***the same as in the EPBC Act***) agreeing with the CCSBT.
    - The last 3-year exemption for SBT ***exports*** under Part 13A of the EPBC Act expired in mid-July 2016, in the middle of the SBT farm harvest and exports. The EPBC renewal was postponed in the last weeks before the expiry date and has been extended twice since then. This was for the understandable reason that the Part 13A decision was awaiting the October 2016 CCSBT outcome. However, this is an untenable position for an export *seasonal* growout industry with over one hundred million dollars of product in the water which MUST be harvested because of feed supply planning and liquidity.
- In 2009 the Minister's powers in the Part 13A renewal for SBT was raised as part of a wider decision on the subsequent quota cut (see Confidential Appendix Two).
- The PC's reasoning in the draft Report is that because industry has been consulted by the regulatory agency in developing a Fisheries Management Plan, that in effect AFMA is acting as "an agent'' for the industry. The reasoning is that for AFMA to also assess the fishery would be a direct conflict of interest. First,

certainly AFMA never acts as an agent for industry or any stakeholder except the Minister. The way that AFMA develops a Management Plan is no different from any legislation. In any case, the consultative structure is the Management Advisory Committee which includes scientists, eNGO's and recreational groups.

- The Commission refers to NOPSEMA as a good example of separating the regulator from the policy maker (in this case, the EPBC Act itself). ASBTIA has liaised very regularly with NOPSEMA in the last three years on NOPSEMA's role in deciding on the numerous applications for oil and gas seismic surveys and drilling in the Great Australian Bight (GAB). The problem is that NOPSEMA's guidelines are so general that it would have been better to have a ''0ne-stop shop.'' An example is that NOPSEMA is required to consult with ''relevant stakeholders'' and has developed its own risk mitigation interpretations. All these are so arbitrary that NOPSEMA has, in real terms, developed both the legislation interpretation and is responsible for the enforcement. By contrast, the AFMA process is very open. This is not a criticism of NOPSEMA – as they are just following the legislation.
- Another good example of the problem of separating the policy maker from the regulator is making Modern Awards by Fair Work Australia (FWA) and the interpretation and enforcement by the Fair Work Ombudsman (FWO).
- One option to allay the concern about AFMA being in effect a ''one-stop shop'' is to develop a set of standards which AFMA must reach – similar to NZ. The Commission's draft Report refers to the FRDC project on which Standards may be required.
- In its draft Report the Commission also concludes that all of Parts 10, 13 and 13A are in effect complementary rather than duplicative, and therefore do not need rationalisation. We agree that it is not a priority, but the target needs to one single assessment.

Other comments on the draft Report

- ***Safety***: We welcome the comments in the Report on safety and the total industry performance has not been good enough. In SBT, there has not been a fishing fatality for over three decades, and in 2015 our Workcover rate has been reduced by 40%, largely because of a much lower injury rate. This has been achieved because of:
    a. A more rigorous approach to identifying and focusing on tasks with high injury rates (eg net mending).
    b. Introduction of pre-employment and regular alcohol and other drug testing.

- ***Potential cross-subsidies in the processing sector*** - ***draft Recommendation 9.3***: The Commission might re-consider its analysis on some of the points in this section. All the information below can be confirmed through the Fish Program in the Commonwealth

Department of Agriculture and Water Resources. At the Commonwealth level – the previous charging systems meant that larger businesses were very often cross-subsidising smaller businesses. The reason was that travel costs for inspectors to often smaller premises in remote areas (eg Tasmania and Queensland) were being absorbed into a standard charge, no matter what the geographical area and cost. It is correct that in the past some basic processes (eg freezing on-board, shucking of abalone at sea) were being ''double'' licensed even though the product was subsequently passing through another licensed premises. This duplicate licensing has been eliminated at the Commonwealth level.
The target at the Commonwealth level has been to significantly reduce these processor costs and to ensure, as far as possible, that charges reflect actual costs. One such area is the export permit and health certificates – where it is now all electronic, and the cost of issuing a certificate for a large shipment is the same as for a small shipment. However, the impact of this falls often largely on exporters of high value live product (eg rock lobster) with multiple small shipments.

The remaining challenge at the Commonwealth level in these areas is the continued duplication in many States of accreditation of premises by different layers of government. A positive example is Victoria where the inspection responsibility has been passed to DAWR – but in SA, the multi-layer duplication remains. The final Report could examine, in a case study:

a. What has happened in Victoria – the positive rationalisation, but also whether it has reduced the Primesafe cost of just issuing a licence, without the inspection.
b. What are the barriers in SA?

- ***Marine Protected Areas (MPA's)***: We welcome the Commission's analysis (pages 52-57) and recognise that the Commission is limited by the Terms of Reference. We agree with the MPA concept, but the implementation has been mixed. Some extra points which might add value are:
    a. The percentage of the EEZ which is now MPA's compared with other major countries.
    b. The wisdom of locking up fixed areas in the face of climate change.
    c. Duplication of representative areas in State and Commonwealth waters.

- ***Harvest strategies***: Information Request 2.1 (page 65) - the Commission seeks advice on "What factors should guide governments on take limits – in particular reference points?" SBT quotas are set by a harvest strategy called Management Procedure (MP) which targets, with a 70% probability, the Spawning Stock Biomass (SSB) achieving 20% of virgin SSB by 2035. We agreed with the MP when it was developed in 2011, and still

agree with it setting the take limits. It has led to the CCSBT Total Allowable Catch (TAC) increasing from 9,449 tonnes in 2011 to 17,647 tonnes in 2018 (set in October 2016), despite the 70% probability hurdle contrasting with the 60% probability required in the models used to set quotas for Atlantic Bluefin Tuna and Pacific Bluefin Tuna.
As per our submission, we strongly support the use of harvest strategies to set catch limits. As the draft Report says, the Strategy can be flexibly applied – and is so in Australia. We do not agree with some rules in the current Australian Harvest Strategy (currently under review). Examples are the Limit Reference Point of 20% - a Hard Limit used in NZ (10%) is worth considering. Another example is the that MEY is the default target when MSY can't be calculated. A better way would a proxy for MSY is double the (soft in NZ) LRP.
The only problems we have with the MP in CCSBT are:

(a) Some governments in the Commission are already suggesting changing the LRP target date because of an extended period of good data (and quota increases),
(b) Because of the good data, some want to be over-precautionary in allowing for catches by non-Members of the CCSBT.

Changing the ground rules risks the MP losing credibility. We are not against change, but it needs to be carefully considered to avoid losing that credibility.

- ***Reducing ''research'' costs***: Research is one of the largest costs in managing fisheries, and stock assessment is most often the largest research item. The setting of quotas often still relies on high cost at-sea surveys (eg the South-East Fishery and the Great Australian Bight Trawl Fishery).
  In other fisheries, new genetic and other techniques are significantly reducing the at-sea work required, and often improving the accuracy. Examples of this are egg surveys (eg SA sardines) and close-kin and gene tagging DNA sampling in SBT. In its draft report, the Commission encourages use of new technology.
  However, what is probably not given enough space in the draft Report (eg a case study) is the wider use of Catch Cost Risk Trade-off (Dowling 2013). Many surveys are still costed as if the catch is near the margin of the quota – when often it is significantly lower. Rights holders are sometimes apprehensive about the TAC being reduced structurally, because of the perceived difficulty of raising the TAC. The Commission might highlight this problem and suggest options to address it.

- ***Reducing non-research costs***: The draft Report highlights that the cost of managing fisheries in NZ is 6-7% of GVP compared with an estimated 12% in Australia. We recognise that there are many reasons why Australian costs should be higher – including the much larger EEZ, the number of low GVP/relatively high management cost fisheries,

and the Federal system. We also recognise that slow progress is being made – sharing VMS, sharing e-monitoring, and co-operation on research. However, it needs to be accelerated and the AFMF is the forum which can do that. AFMA does publish targeted reforms (red-tape, etc) and State Agencies need to do the same.

- ***Sole take recreational species***: The draft Report notes (page 73) that Blue and Black Marlin are recreational only species. The same applies to Longtail Tuna, although this was not agreed by all sectors of the commercial industry.

- ***State endangered species assessments (page 201 – question 7.2)***: One obvious contradiction is that SBT is declared endangered in Victoria, but the catch (recreational) is substantial and continues to expand. We tried 2 years ago to get the Victorian SBT listing lifted but with no success. In the meantime, the endangered listing in NSW has led to the reduction in the bag limit from 2 to 1.

- **Access to fish health treatments (page 217)**: We were not aware of the recommendation in Commission's draft Report on Agriculture regarding APVMA. This is an important issue for SBT farming – which uses a treatment called praziquantel under SA Government regulation, but for ongoing use requires APVMA registration. It is fully registered and used routinely in Japan for Pacific Bluefin Tuna farming, and in many countries for salmon farming, including in Norway, the world's largest producer. ASBTIA has made a number of submissions to the previous review by DAWR – noting that praziquantel is registered in other countries for the same use. APVMA's point is that it is very difficult to get the data from the overseas registration authorities.

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Attachment One

Australian SBT Quota (CCSBT National Allocation) and official estimates of Australia's recreational catch

Year	Charter/Recreational Catch (t)	CCSBT quota (t)
1983	na	21,000 (Tripartite Ag)
1985	na	14,500 (IAC recommend.)
1989	na	6,065
1990-2009	na	5,265
1994	16	5,265
1995-1997	Insufficient data	5,265
1998	38	5,265
1999	3	5,265
2000	10	5,265
2001	60	5,265
2002	85	5,265
2003-2009	na	5,265
2010-2011	na	4,015
2012	na	4,528
2013	na	4,698
2014	na	5,147
2015-2017	na	5,665

Source: CCSBT – www.ccsbt.org for CCSBT national allocation to Australia (all allocated to Statutory Fishing Right owners.

Recreational data taken from Australian Papers to CCSBT Scientific Committee meetings 2011 and 2015, an update of the following paper:

Rowsell M, Moore, A, Sahlqvist, P and Begg, G 2008, Estimating Australia's recreational catch of southern bluefin tuna, Working Paper CCSBT-ESC/0809/17, Thirteenth meeting of the Scientific Committee of the Commission for the Conservation of Southern Bluefin Tuna, Rotorua, New Zealand, September 2008.

Attachment Two

Australian SBT exports - fob from 2002

Year	Fresh (tonnes gg)	Frozen Tonnes gg)	Total Tonnes gg	Fresh $/kg	Frozen $/kg
2002	2,100	6,304	8,404	33.83	35.22
2003	3,070	5,535	8,605	27.52	26.12
2004	2,936	5,179	8,115	20.93	18.04
2005	2,733	6,073	8,806	19.46	16.92
2006	2,089	6,143	8,232	19.78	18.07
2007	1,077	8,388	9,465	22.18	18.74
2008	1,364	6,416	7,780	21.3	17.09
2009	3,427	4,675	8,102	18.71	11.9
2010	1,674	4,425	6,099	18.58	19.91
2011	767	6,467	7,234	20.02	21.1
2012	926	6,304	7,230	26.76	19.81
2013	1,098	6,882	7,980	20.47	15.23
2014	690	8,329	9,019	15.81	15.04
2015	905	7,575	8,480	16.71	13.5
2016(fore)	800	8,200	9,000	17.55	14.93

Source: ABS - taken from www.seafood.net.au and www.frdc.com.au