



**Australian Government**  
**Productivity Commission**

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**PRODUCTIVITY COMMISSION**

**INQUIRY INTO MARINE FISHERIES AND AQUACULTURE**

**MS M CILENTO, Presiding Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**AT BRISBANE  
ON WEDNESDAY, 12 OCTOBER 2016 AT 2.07 PM**

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5 **MS CILENTO:** Welcome to the public hearings for the Productivity Commission inquiry into marine fisheries and aquaculture. My name's Melinda Cilento. I've met most of you, I think. I'm the Presiding Commissioner for the inquiry. Can I start by acknowledging the traditional owners of the land on which we meet, the Turrbal people, which I hope is the correct pronunciation, and it would be remiss of me not to acknowledge, given today's topic, that they are fishing people who require - made their living, amongst other things, off the Brisbane River, so I think that's pertinent to what we're talking about today.

10 Matt? Where's Matt gone? Emergency evacuation procedures? Do we know?

15 **ASSISTANT:** (indistinct) I assume. (indistinct)

20 **MS CILENTO:** I'll work - I'll keep going. Do you want to just ask the front desk? As most of you would be aware, the inquiry started at the end of last year with terms of reference issued to us by the Treasurer, Scott Morrison, which were issued on 23 December 2015. The draft report was released in August and the purpose of these hearings is to seek the views of the public and others on the Commission's work and the recommendations as outlined in the draft report.

25 Following these hearings, we will be conducting hearings in Canberra later on this week, on Friday, and we'll also be conducting hearings in Fremantle on Monday next week. The final report is due to be presented to the government in December of this year, and those of you who have registered an interest will be automatically advised when the final report is released by the government, which may be up to 25 parliamentary sitting days following our presentation of it to the government.

30 I will come back with our safety evacuation procedures in a minute. These hearings we like to conduct in a fairly informal manner, but I should remind you all that there is a full transcript that is being taken of today's proceedings, and therefore comments cannot be taken from the floor. Sorry, would you like to just - - -

35 **ASSISTANT:** Yes, sorry. I'm (indistinct) before we start, I guess, on the evacuation procedure here at the property. Should we need to evacuate, we've actually got a hard-wired fire panel, which will give either two tones: an investigative tone, which is just a dim beep, roughly 10 seconds in between with a voice that will say, "We are investigating the problem, remain calm," or we have a full-scale emergency evacuation tone. If you hear that, best thing to do is head back up to reception, up the stairs here if that exit is clear. If the hazard is in that immediate area you can proceed

5 directly out through this exit here (indistinct) or out here and around to your left (indistinct) and immediate right through the next double doors, and that will take you to our fire assembly area, which is as you come around to the front of the reception, straight across the road there's a park, and that's where we'll assemble.

**MS CILENTO:** Okay. Thank you.

10 **ASSISTANT:** Yes. Any questions? No? All good. Thank you. Enjoy your afternoon.

15 **MS CILENTO:** Thank you. So as I was saying, a full transcript is being taken, so there will be no - there's no opportunity for comments from the floor. You're not required to take an oath as a participant, but of course the expectation is that you will be truthful in your remarks.

20 Participants are, of course, welcome to comment on both the recommendations and findings of our report or any other submissions which have been made publicly available on the website. Transcripts will be made available to participants and will be available from the Commission's website following the completion of all the heroes.

25 So I think that's about all of the formalities out of the way. The first participant today is Stephan Schierer from Southern Cross University.

**MR SCHNIERER:** Up here, or - - -

**MS CILENTO:** Yes, please.

30 **MR SCHNIERER:** Okay.

35 **MS CILENTO:** It assists in recording. If you wanted to just introduce yourself, and then - given we've got a reasonable time, but these things always go longer than we expect, so I think the focus is very much on what you'd like to say in response to the draft report, if that's all right.

40 **MR SCHNIERER:** I'll watch their eyes when they're going. I'll try and remember. Is this one on? How's that? Can you hear me? Just there - there's okay, thank you. Get the glasses. I now have to wear them these days.

45 So yes, before I say who I am, I also too would like to acknowledge the Turrbal people as the traditional owners of this area, particularly the elders past and present, and acknowledge, as the Commissioner did earlier, the important role that Aboriginal and Torres Strait Islander people and

Indigenous Australians have played and still play in the management, sustainable use and sharing of the benefits that come from the exploitation of biological resources in the respective estuary, marine and freshwater country. And I would also like to acknowledge the presence of traditional owners from (indistinct) who are going to make a presentation after me.

I would like to congratulate the Commission on its efforts to address Indigenous cultural fisheries within the scope of the review, first and foremost because it serves to further raise the broader Australian public awareness to the existence of the Indigenous fisheries and the special nature and associated rights. For too long one of our problems with furthering any of these issues has been around the invisibility, so to speak, of Indigenous cultural fishing.

So yes, I'm Stephan Schnierer, Stephan Schnierer, adjunct position at Southern Cross University, where I work in the - I previously worked in the Environmental Science Management School teaching fisheries management, fisheries biology, that sort of thing. And currently I'm a member of the New South Wales Fisheries - sorry, the New South Wales Ministerial Fishing Advisory Council, the peak body in New South Wales, the New South Wales Aboriginal Fishing Advisory Council, the Indigenous Reference Group For Fisheries Research and Development Corporation, which invests in research into Indigenous fisheries, the - and a number of other committees. And have been on various committees over many years advocating for Indigenous rights in biological resources, particularly in aquatic environments.

So I have a long experience in seeing, in that space, the sorts of problems that we face in trying to further our rights. I think that's enough from me. What I would like to do is just move on to a couple of the issues that I wanted to talk about. Some of them are specific and some of them are broad, but in relation to the recommendations, in particular in section 5, I find that my views align with quite a few of those, but there are some that I think are problematic.

I think it's a very important move for customary fishing to be recognised as a third sector, or the first sector, actually, in its own right. This has been happening, and I'll say anyway, for a number of years, but through this inquiry, this further establishes that importance and emphasises the existence of the fishery.

The idea that the Indigenous sector should be afforded priority in any sort of sharing of the fish pie that's out there I believe is essential. It recognises the primacy of the first fishers in this country and the fact that for many, many years people accessed these resources in a manner that, as

far as we can see, didn't lead to the depletion of those stocks. It's a fishery that was here when Europeans first came, had been here for a long time, and it should be treated as the first fishery.

5 And it would be lovely at some point in the future to see that other fisheries in this country, non-Indigenous, say recreational and commercial fisheries, are proud to be part of that long fishing history through their support as stakeholders in the management processes in this country.

10 In terms of the recommendations around customary allocation and management approaches, I think the - what's recommended is good, but it needs to be developed in close consultation with Indigenous communities, the way allocations happen and how the management associated with those allocations unfolds.

15 And finally in terms of the recommendations that customary fishing be allowed for commercial purposes, I think Akiba has shown the way and we're going to see more examples of this across the mainland, so it's about time that that one came in from the cold, and I fully agree with the  
20 Australian Law Reform Commission's recommendation that the Native Title Act should be changed to reflect this and that Indigenous use of biological resources should have a commercial component to it.

25 One issue that's a little problematic for me, in relation to linking the definition of customary fishing to native title, is the potential for those - a fairly substantial proportion of people out there who are going to have difficulty either - or not be able to show that they do have native title or part of a native title determination. And if you can remember back to the days when the legislation came in, there was - the package that came to  
30 address the Mabo was three pronged, and one of those prongs was a social justice package to address those very people who had sought but did not have access to native title.

35 So I think that's an issue we need to think about if we're going to try and couch any definition of customary fishing purely in terms of native title. It's important for native title owners, mind you. In terms of entitlement, how should they show their entitlement? I think this has to be through internal governance processes at the local level. People - communities need to determine what they believe - who is entitled in their area to fish.

40 In relation to tradability and transferability, I think that's - it's problematic to say it shouldn't be tradeable or transferable. I mean, from my understanding, our communities always had arrangements with near neighbours and people afar to be able to share the resources that they were  
45 harvesting with other communities, and so the ability, perhaps, to trade

and transfer any sort of commercial allocation is important for communities.

5 The last point, I think, that we're still dealing with a fishery where there's  
a real lack of data or information. Our mobs would probably say, "We  
don't need it, we know what we're doing, we're doing it right." In the real  
world, we are dealing with fisheries agencies, the broader public, who  
want to see more than just that assertion, so we have to come to terms  
10 with the need also to generate that data, and I can see some importance in  
making sure that we have, where it's needed, quantitative data on catch  
and those sorts of things.

**MS CILENTO:** Just on that last comment, have you got any suggestions  
or views about how best that might be done? I mean, we've proposed a  
15 survey which would be broader than just touching on Indigenous  
communities, but as regards specifically the Indigenous take, I mean, have  
you got views on how that might be managed?

**MR SCHNIERER:** It has been attempted in 2001 when there was a  
20 national recreational and Indigenous survey. But that was problematic. It  
focused pretty much on the north - - -

**MS CILENTO:** Yes.

25 **MR SCHNIERER:** - - - of the country, and the methodology that was  
used doesn't necessarily match with the way people do business, but there  
was some data that came out of it, and I see that data actually being used  
around the country and other places to inform the development of fisheries  
management strategies when it is very northern-focused. So that's an  
30 issue.

I believe that - the kind of research that needs to be done has to be more  
than just, "We are collecting data from communities." It has to be a two-  
way process so that we engage communities, so we can get this kind of  
35 information, but also help to build capacity, and at the same time learn  
from communities about the fishing that's happened.

So the type of research, it's complicated, it does take time and resources.  
I have completed a research project in the Tweed where we went out to  
40 explore what's the best way to collect some data like this. It was  
incredibly intensive. We are now - when I say "we", the Indigenous  
Reference Group, the FRDC, is looking at prioritising that this year,  
coming back and saying, "Right, we need to maybe run some workshops  
to see how we can do quick surveys and they're not too resource intensive  
45 compared to the sort of research we've been doing," which is on the

ground, face to face, lot of negotiation, and work out whether somewhere within that space there is a way of trying to collect some broad level data initially, and then using that as a launching pad to go and drill down and do further research.

5

It is a - it hasn't left our agenda, it's just a very tricky one, because it does - if you want to do it properly, it does require quite a bit of resources. And we've done one at the Dee where we just go into communities and take stuff and then generate something that comes back to haunt them in the form of, you know, management tools or whatever that strip their catch. This thing keeps falling down.

10

**MS CILENTO:** What's the capacity - I mean, one of the things that we sort of explored in the report was - or referenced was the role that ranger programs can play in facilitating that sort of two-way knowledge flow, if you like, including trying to use those programs as a means of more systematically incorporating traditional customer knowledge into fisheries management practices.

15

Is it able to be used also - would those programs be able to be used effectively in a data collection sense as well?

20

**MR SCHNIERER:** I think there's potential. I mean, up in the north again the rangers have been supplied with electronic devices now to record species that they see, so there is data collection going on. My only worry with it is that you're bringing together a range of activities in the fisheries management space which is - they're a bit involved with compliance and that kind of thing. They're also now looking at - we get them to collect data. We end up adding more and more things to what their tasks are, and it does - and it sort of might make sense to us from the outside, but I wonder what the impact is on individuals and their workloads, and I think that has to be thought about if we're going to go down that path.

25

30

I mean, as a person that's been out and collected data, I find that just a full-time job in itself without also - but because that's in place it's something we should actually look at and explore. And it has been tried, from what I've heard, by the NAILSMA did some tracking stuff with sea rangers where they were collecting data. But it needs to be made easy to do, I think, and manageable.

35

40

**MS CILENTO:** Well, one of the things that it won't surprise you to know is - I'm sure you're aware of it is already, is that, you know, when we were talking to people and there was - particularly around the issue of priority of allocation for customary fishing, one of the issues that does

45



come up is how people identify or are able to be identified as having a right to access fisheries for customary purposes, and I think we're agreeing - we agree with you in the sense that it needs to be a process which is managed by community.

5

Are there examples that you could point to where you think that is being well done?

**MR SCHNIERER:** Well, I mean, I'm not familiar with all of Australia. But I think we've explored this idea in New South Wales through the project we're doing in the Tweed where compliance officers were faced with Indigenous people on the beach with a larger bag limit than allowed to have saying that they were Aboriginal cultural fishers but they were not recognisable to compliance officers in that area because they were pretty much familiar with most of the community, and they had to come to the local land council to ask if they knew of these people.

So when we were doing our research, we explored this whole idea that if you had the ability to develop your own fisheries management plan and perhaps play a role in implementing it, what would be - how would you address this? And it was difficult. I think the community didn't come to a final conclusion on it other than they would need to just discuss it further, how would you manage that.

Because in New South Wales we have cultural fishing as well as native title fishing as well as (indistinct) some who are recreational Indigenous fishers and some who are commercial Indigenous fishers, so that they are classified in all sorts of ways, and how would you identify, you know, someone coming from over the range to fish on their country, should they have the same rights as the local people have in terms of the bag limits?

The New South Wales approach has been to have a one size fits all cultural bag limit, which makes it easy, and then anyone can fish at that limit anywhere, but it potentially creates problem for native title owners that someone does come into their area and fish at a much higher level than the recreational fishers.

But - I'm sort of losing my train of thought here. But coming back to, I think, that validation of who is who in the (indistinct) needs to be done through mechanisms developed by local communities, let them discuss it. They may come to the conclusion that you don't need something like that, or they may be even harder on it, so I can't give you an answer right there.

**MS CILENTO:** No, that's fine.

45

**MR SCHNIERER:** Maybe the mob over here have got some ideas on that.

5 **MS CILENTO:** I can pick them - pick their brains later. One final question, if I can. I think in some of your correspondence with the Productivity Commission, one of the issues that you'd raised with us was the concept of value and how we ought to think about value, and I was wondering whether you just wanted to sort of put your thoughts on that on the record.

10 **MR SCHNIERER:** Yes. I'd like to. I've got a couple of other ones too, other than value, but - - -

15 **MS CILENTO:** Sure, yes.

20 **MR SCHNIERER:** And I think the - apart from the recommendations and what's been there, what I wanted to just briefly touch on were a couple of things that I think are about - I mean, regulation's the pointy end, perhaps, of fisheries management, and it's the overarching structures and institutions leading to those regulations that I think we need to do a lot of work on, because it's one thing to think about how can we fix regulation up to make it easier and do whatever, but if the overarching system generates those kind of regulations then we're always going to have those kinds of problems, and so those overarching structures which are informed by things like concepts like value need to be looked at and taken note of.

30 So - and I know we've spoken about the Commission's approach is to look at value rather than dollar, the dollar value, but I still think out there in the real world in agencies and that type of thing the default is back to that quantitatively measurable value, which is the dollar value, and Indigenous mobs, as you have mentioned in the review report, do hold other values in the - in fish stocks other than a dollar value.

35 So if you sit down in a decision-making process as an Indigenous person to argue over the development of whatever, could be allocation, where you have commercial rights are going to drop their numbers on the table and the reccies can do that too a little bit, when it comes down to us doing that it's not so easy. For a start we don't have the data, necessarily, on the catch to say we're catching what, but we're also saying it's not just the eating of these things or the selling of them that's important, it's the fact that we're out there doing this, and we're connected - that makes us feel good, and - when we're looking after country. And there's a whole range of other values that come into play.

45

How we do capture those and give them the strength to help us prioritise strategies a little higher than what's happening now in relation to protecting Indigenous culture fishing rights is the trick, is the problem. I don't think that Indigenous cultural fishers necessarily face this. I think other stakeholders do, commercial and recreation.

But I - so if I - did I make myself sort of clear there?

**MS CILENTO:** Yes.

**MR SCHNIERER:** Okay. A couple of other things I just wanted to talk about was the - in fisheries management over the years, it's evolved. It's moved from, you know, open access right through to ITQs these days. The concepts behind how we manage and move from single species population dynamics based models that work on maximum sustainable yield or maximum economic yield et cetera et cetera through to now what's called ecosystems-based management.

This is a global trend, and it's a trend that's come about particularly in the last 20 or 30 years as we've become more aware of the impacts we're having on the environment, and I think - I personally think it's a good thing. It's been hard for fisheries managers to come to terms with how do you deal with ecosystem based management, and you're stuck with just estimates (indistinct) and that type of thing.

But I - you know, I know that in Australia we are moving in that direction. I think that's a good thing. But one thing that's being left out of that equation, I personally believe, is the fact that in the ecosystems-based management it's the - it - at the international level, anyway, when the concept was being developed and unfolded through various workshops, some of which I was involved in, was the full understanding that ecosystems-based management actually supports Indigenous presence and centrality in fisheries management.

You know, when we think about - ecosystems-based management is about dealing not only with the species that we're targeting, but the habitat and the ecosystem and making sure that the impacts on the ecosystem are minimised. What needs to be realised in this country is that in that ecosystem for many thousands of years were Indigenous cultural fishers, so they were actually part - a very important part of that ecosystem, and so - but what tends to happen is when - and this is my personal view, but from on committees is when people look at it they take our mob out of that and put us over with stakeholders, saying, "Right, we're all part of the problem," and but we in fact - you need to be managing that ecosystem and ensure that those cultural connections are maintained and the

traditional knowledge is maintained, because they are part of the system.

5 And this has been recognised internationally in things like the UN  
Convention on Biodiversity and slowly now within FAO this realisation is  
dawning. So I think that we'll need to - I think that that lack of having  
Indigenous people in that understanding of ecosystems-based management  
formally in Australia has, in my view, led to insufficient assessment of  
impacts on Indigenous cultural fishing in this country, and it does leave us  
10 exposed a little bit, I think, to international criticism that we are not  
achieving sustainably managed fisheries yet fully. It's only partial until  
we actually do that.

15 But we've come a long way, and we can stand up and argue we are  
addressing all these things, but we still haven't got that one right yet, and  
it's - I think it's a small step but it needs to be done and it hasn't been  
done. So that's all I'd like to say on that one.

20 I'd just like to at the same time mention this, that I think - I'm not sure,  
the Commissioner can tell me, whether there was any emphasis placed on  
small-scale fisheries and the need to address the way fisheries  
management has been evolving towards, say, prioritisation and individual  
transferable quotas and that sort of thing does have an impact on small-  
scale fisheries, and the light lifters versus the heavy lifters.

25 And we have leapt on this sort of thing and we are going down that path.  
FAO has a set of guidelines on responsible fisheries management which  
we are signatories to, and it does in those guidelines talk about Indigenous  
people as fishers and the need to ensure that when you're developing  
fisheries management and that sort of thing you should be talking to  
30 Indigenous people and engaging.

35 So there's the guidelines there on responsible fishing, but now attached to  
those are some guidelines on the protection of small-scale fisheries in  
terms of food security. And we've signed to it. We've agreed to it. We  
were the part of the negotiations of the thing. We need to go back and  
have a good, hard look at this and think about it, and I'll argue particularly  
from the point of view of Indigenous cultural fishing, which is the small-  
scale fisheries, but I'm sure there's probably commercial fishers that can  
possibly argue this too.

40 I wanted to just briefly mention ITQs.

**MS CILENTO:** Yep.

45 **MR SCHNIERER:** Indigenous transferable quotas? No, individual

transferable quotas. And I know that - I see that within the report it is sort of put up there as maybe this is what we should be striving for, and I could be wrong in that assertion, but I put a note of caution on that. I think they are potentially incompatible with social justice objectives, particularly for  
5 Indigenous communities, and there is some research and work coming out now out of South Africa and Alaska and places like that that show where this introduction, this privatisation, has impacted the ability of Indigenous communities, particularly in a commercial sense, to access their marine resources. And I can forward you some references if you like.

10  
**MS CILENTO:** Sorry, just so I'm clear on this, so it's specifically in respect of commercial opportunity, and I'm assuming that the link is that ITQs end up with quota being unaffordable for smaller-scale Indigenous fishing operations?

15  
**MR SCHNIERER:** Yes, yes. There's probably other components to it, but - - -

**MS CILENTO:** If you've got - I mean, any - - -

20  
**MR SCHNIERER:** I haven't. I can send it to Matt if you want.

**MS CILENTO:** Yes.

25  
**MR SCHNIERER:** Last two. I just wanted to - again, I'm talking about these things because they are the - they are here in the institutions and the ways we approach and the regulations that finally end up adhering and knock our mob around from their rightful place to be able to go out, practice their culture, keep their knowledge systems alive, and get a  
30 decent feed and, you know, all things that go with that.

Latent effort - this is another one as a person who is trained in fisheries management, you know, this an evil thing, and we should do everything we can do to get rid of it. I have sort of changed my views on this a little  
35 bit. The particular that comes to our mob, how latent - the concept of latent effort has led to pressure on Indigenous commercial fishers to be pushed out of the system because they're seen as the light lifters as opposed to the real heavy - few heavy end lifters in the commercial industry who should be given all the access and benefit.

40  
Our mob don't necessarily fish at that maximum level all the time. They fish according to how they feel they want to fish, and that may mean they're not fishing at that - up here at that level, and they have a right to be able to do that, and to fish - if we label any of the effort that they're not  
45 using as latent and then it can be taken away from it because it's this issue

of being reactivated at some point in time, I think we need to think about latent effort, and I've seen in New South Wales recently with the structural - sorry, the structural adjustment process down there that a lot of - and I can refer you to the project that we did on Aboriginal commercial fishing in New South Wales. If you haven't seen that report, have a look at it. The impact that the structural adjustment was going to have on them because they do tend to be in the area of the light - what's called the light lifters compared to the heavy lifters, and so the changes that are coming in to squeeze those are going to have a big effect on the few commercial fishers that we - few Aboriginal fishers that we have in the commercial industry. They'll be squeezed out unless we take some special measures to try and keep them in there.

**MS CILENTO:** All right.

**MR SCHNIERER:** And the last one was about the - it comes back to the environmental component that you did mention, and there's a link to our move towards ecosystems-based management. The EPBC Act in its objectives recognises the role of Indigenous people in the conservation and sustainable use of Australia's biodiversity, including fish, in its objectives. It recognises that role, and promotes - seeks to promote the use of Indigenous knowledge, traditional fishing knowledge (indistinct) with the involvement of and cooperation of those owners.

Now, they are two objectives within the peak national environmental legislation, and that legislation is connected to the fisheries through the fact that fisheries now to be able to sell overseas have to - what's the word?

**MS CILENTO:** Get EPBC approval.

**MR SCHNIERER:** EPBC approval. And so that's one element, but also the fact that, you know, the EPBC reaffirms the presence of Indigenous people in the ecosystem and environment with certain rights to be able to access their biological resources and to keep the traditional knowledge alive.

And that has implications in terms of the use of protected areas on terrestrial, but certainly in marine, areas. When a marine park gets set up, I believe that not enough diligence has been paid in relation to these objectives in allowing Indigenous people in those marine protected areas to access their resources. They're treated as everybody else. And I would go further to say that includes to the point of them not just using it for personal but also commercial use, because internationally now under the CBD there is quite a bit of work being done around this space to ensure

that when protected areas are being set up the Indigenous people still have access to those biological resources, and not only for personal use but for commercial.

5 It's an evolving space that's happening internationally. And again, I just re-emphasise, there is a link between that EPBC and fisheries legislation, and I think it's about time that the sorts of objectives there are also in fisheries legislation, the recognition of Indigenous people, either through recognising, say, customary fishing, whatever.

10 And I'll just finish with, you know, the recent review of the EPBC Act included its interaction between fisheries legislation. The environmental minister should continue to have a strong role in promoting continuous environment improvement in fishing management through assessment of whether management arrangements are ecologically sustainable. And again I say, to be ecologically sustainable the recognition of the centrality of Indigenous people in the ecosystems needs to be addressed through that process.

20 And I'll finish there.

**MS CILENTO:** Thank you.

**MR SCHNIERER:** Thank you for listening to my blather.

25 **MS CILENTO:** No, no, that's fine. It's very much appreciated, and there's a number of issues that you've touched on that there areas of further work to close the ground, so - - -

30 **MR SCHNIERER:** And I think some of them, the general ones, can give more framework argument to some of the things that we are arguing for down here. They are actually in place, they just need to be aligned in a way that you can be seen to support what we're trying to say.

35 **MS CILENTO:** Well, thank you for your time today.

**MR SCHNIERER:** Thank you for listening. And you.

40 **MS CILENTO:** I've got Karen McFadden's name down here, but I suspect there may be others who would like to also represent the Quandamooka Yoolooburrabee - - -

**MR COSTELLO:** Close.

45 **MS CILENTO:** Close?

**MR COSTELLO:** Yoolooburrabee.

5 **MS CILENTO:** Burrabee. All right, thank you. Would you like to come forward and introduce yourselves and - (indistinct). So I might just ask you to introduce yourselves, if that's all right.

**MR COSTELLO:** Sure.

10 **MS CILENTO:** And I don't think we received a submission, so you might like to spend a bit of time just talking through perhaps a bit of your sort of background, if you like, as well as focusing on reactions to the draft report itself.

15 **MR COSTELLO:** Yes. Sure. For the record, my name's Cameron Costello. I'm the Chief Executive Officer for the Quandamooka Yoolooburrabee Aboriginal Corporation.

20 **MR NALDER:** My name's David Nalder. I'm the principal ranger with the Quandamooka Yoolooburrabee Aboriginal Corporation.

25 **MR COSTELLO:** Commissioner, thanks very much for allowing us to present today. Firstly I want to acknowledge the traditional owners of the land that we're meeting on, the Turrbal people, and also acknowledge our neighbours, the Jagera, Gubbi Gubbi and the Koolamarri and even up to the Butchulla of Fraser Island, all coastal people who all have marine resource interests. I want to acknowledge that.

30 Quandamooka Yoolooburrabee Aboriginal Corporation, "Quandamooka" means "Moreton Bay", and "Yoolooburrabee" means "people of the sand and sea". Our totems are the Kabul, carpet snake, and Buangun, the dolphin. So for us, we are sea country people, and our estate goes from the mouth of the Brisbane River across to (indistinct) Moreton Island, down North Stradbroke Island, South Stradbroke Island, to Southport, and  
35 then up the coastline from the mouth of the Logan River up to the mouth of the Brisbane River, taking all the southern bay islands and the coastal area.

40 It is extremely important for us as part of our identity, and fisheries and aquaculture have always been a part of our identity as well, and it's part of our - a lot of our dreaming stories linked to the sea country, and a lot of our stories and dance, cultural performance, specifically relate to how we manage our marine resources.

45 I want to briefly discuss about Quandamooka country and if there's ever a



case study for the impact of high density population on an Indigenous community then we are a case study. Minjerribah, which is North Stradbroke Island, we're on the doorstep of the capital city, and throughout since colonisation there's been many industries come and go, many of those marine industries.

We've had - started out there is - there's been dugong industry, oystering, there's been whaling through Quandamooka country. There's always - we've always been fishermen with nets, we've always done fishing with nets, and we continue to do that today, so even today it is - you are able to go over to Quandamooka country and see our fishermen with their nets out there.

And on top of that, you've got other resource extraction that's been quite challenging for the Quandamooka people: sand mining on North Stradbroke Island and water extraction which still continues today. So we're no strangers to the taking of resources from traditional lands and waters.

Against that background, it was 4 July 2011 that after 16 years of negotiations that the Quandamooka people met with the Federal Court of Australia on North Stradbroke Island where their native title rights were recognised to over 50,000 hectares of land and sea on and around North Stradbroke Island.

So we have over 20,000 hectares of native - non-exclusive native title rights over Moreton Bay waters adjacent to the island. From that, we are - we have also made another claim over Moorgumpin, Moreton Island, and there are more claims to come over the sea country area.

So for us, we've always staunchly asserted our rights to take marine fisheries and aquaculture, be a part of that, and in fact I would say that in those previous industries that it was Indigenous knowledge and Quandamooka knowledge that helped inform those industries and in most cases the knowledge exploited.

So with the - with native title and the overturning of the concept of terra nullius, the Quandamooka people now are looking towards nation building. So moving forward and looking at how we can build a glad tomorrow for our children's children.

The closure of sand mining is bringing a new stage of economic transition, and that includes for us looking at fisheries and aquaculture as the basis for moving beyond sand mining.

We look to the decisions of the courts up around the Torres Strait, the Akiba decision, and we look to the Torres Strait and say the Quandamooka people rights and interests are no different. We see the Torres Strait position as being the benchmark that should be applied to the Quandamooka people. Our rights and interests are no different, and our aspirations are no different to what happens up there. So from our perspective, we believe that in terms of fisheries and aquaculture part of our role as a native title body and the cultural heritage body as well for many of the bay islands is that we have a statutory obligation to respond to section 24 native title notifications, many of which are about fisheries permits.

And it is often dismaying at the number of blanket fishery permits that apply to Quandamooka country with no benefit flowing back to our community. And it's based on those sorts of activities that are occurring on Quandamooka country that we believe strongly that there needs to be licensing provisions for Quandamooka people to have some empowerment and control over the licensing that goes on in their fisheries areas, or look at indeed royalties and economic flowback to the traditional owners, which currently doesn't occur.

We also believe we have a very strong ranger program on the island. That's growing rapidly as part of the economic transition process for the island, and we believe strongly in the capacity building and indeed the role that the Quandamooka people and our rangers should play in terms of research of Moreton Bay fisheries and aquaculture.

We've been historically economically displaced from both the land and sea, and we have had no role in the planning and management of our traditional waters, and it's our strong belief that that must stop, that that needs to change.

Prior to colonisation, the bay was in perfect condition and we've had to see, in terms of not only the resource extraction from the bay from fisheries and aquaculture, but also fire management, land management practices, where we are now - with the powers and rights and responsibilities under the Native Title Act are now going back and looking at how we can get the conditions back to what they - as close as possible to what they were. That may take us 100 years.

And so our Indigenous knowledge is being utilised in partnership now and in co-design for a lot of things in land management practices, and we strongly believe that should happen in the case of fisheries management and aquaculture management.

**MS CILENTO:** Is that starting to happen at all, or - - -

5 **MR COSTELLO:** So we - as part of the native title claim, we're now the joint managers of the national park on the island, and it's more of a co-design model, a national park based on Aboriginal traditions and values, and we believe that the Moreton Bay area should be based on - also on Aboriginal values and principles about resource extraction.

10 **MS CILENTO:** Yes. Are you managing to play more of a role in the marine environment in terms of that sort of co-design or some other sort of input, or is it still - - -

15 **MR COSTELLO:** As part of the native title process, there's opportunities that are yet to be reached but are on the agenda for that. However, I would say that it's my experience through the last few years of - as being the CEO that we often hear the term terra nullius, but I actually say aqua nullius as well, for us. There's still a view that the sea belongs to no one, and it's - even though we've got a determination area over the waters, there seems to still be a persistent view that the traditional owners  
20 don't have the rights or are still displaced from having any real say at the table around that, and that's proving problematic.

In saying that, I have to cut some slack to the state government, because there was - a few years back, there was a south-east Queensland natural  
25 resource management review, and they stated that there's more visitation to the Moreton Bay Marine Park than there is the Great Barrier Marine Park, and that's purely because of the high density population of south-east Queensland.

30 So we're on the doorstep of a capital city, and there's a lot of people using the bay for recreational fishing and commercial fishing. So for us, it's a real challenge, and it just - for us it's appropriate that we are engaged in co-design and management, that we are part of not only the licensing arrangements and what licensing can do for our own economic  
35 development, but we should be involved in the research.

Currently there's not enough research happening about fisheries and aquaculture in the bay. We should also be, through our ranger program, part of compliance as well.  
40

**MS CILENTO:** Yes.

**MR COSTELLO:** And, like you were saying, co-design.

45 **MS CILENTO:** And is the ranger program currently involved in

compliance, data collection and research at all, or - - -

**MR COSTELLO:** No. To a degree?

5 **MR NALDER:** Yes, to a degree. I think currently the rangers are participating in a whole range of monitoring programs.

**MS CILENTO:** Yes.

10 **MR NALDER:** So seagrass - - -

**MR COSTELLO:** Seagrass.

**MR NALDER:** - - - monitoring, mangrove watch.

15 **MR COSTELLO:** Reef check.

**MR NALDER:** Reef check. There's been, through the Quandamooka Land Council, prior to the formation of CLIAC, there was a number of sea country management programs that were underway, and that involved, you know, getting community together to self-manage dugong take and stuff like that.

20 So there's been a history of work by the mob to manage sea country resources.

**MR COSTELLO:** Yes.

**MR NALDER:** But certainly I think it's fair to say that yes, we hadn't seen that same level of engagement in terms of fisheries management.

**MS CILENTO:** How are you funded? How's the program funded?

35 **MR NALDER:** Yes, so that's an interesting question. So at the moment we have a number of ranger teams that are funded from a range of different sources, with varying levels of security. None are recurrently funded, so they're all based on grants and agreements and things like that, so we spend an enormous amount of time trying to secure ongoing funding for our programs.

40 The programs achieve a range of objectives, you know? It's about addressing threats to the values of the country, but it's also about intervention with young people and giving people an opportunity to reconnect with country and the knowledge holders and (indistinct) wellbeing and stuff like that. So it achieves a whole range of objectives.

45

**MR COSTELLO:** And most of the rangers are primarily for land-based activities.

5 **MS CILENTO:** Yes.

**MR COSTELLO:** So - at the moment. But in terms of fisheries and aquaculture, there's not much of a role at the moment.

10 **MS CILENTO:** What sort of aspirations do you have around aquaculture as distinct from wild catch?

**MR COSTELLO:** Yes. Well, we're very keen to recommence. There used to be oystering in the bay and also there's beche-de-mer businesses. So they're key areas that we're very interested - in fact, we see them as integral in our transition from sand mining, so we're - the Queensland has put forward an economic transition strategy which has an Indigenous business development fund there, and out of that we hope to look at those industries being recommenced, and we - now that that's been announced, that \$20 million package, which covers a whole range of different things, it's a matter of us going to the Commonwealth to see if they will also play their role in terms of assisting the Quandamooka people to reach their economic development goals.

25 **MS CILENTO:** If I could go back to one of the recommendations we made in the report around the prioritisation of customary fishing and customary fishing rights, would you see your corporation as having responsibility for the allocation of rights under that - the rights to your community?

30 **MR COSTELLO:** Certainly - certainly do, yes. So we're the agent for native title rights and interests for the Qandamooka people, so we would see ourselves as logically playing a role in that allocation. The way our corporation is set up is that our native title claim is based on 12 family groups, and our broad structure is a representative member of each of those families. So we're pretty much the representative body for all the Quandamooka people, families, so we would see ourselves playing a strong role.

40 **MR NALDER:** If I may interrupt, I think a point we'd also like to make about custom is that custom has evolved, and I think, you know, Cameron touched on - and Steve touched on it as well, and that was really about the role that traditional knowledge played in the emergence of the fishing industry, and the fact that the participation of Aboriginal people in the fishing industry provided a means for survival, so that becomes part of our

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customary story.

5 So unless we, you know, participated in mainstream fishing operations like oystering and crabbing and collecting other shellfish and things like that, we would have (indistinct). It's because of fisheries and fisheries industry that we are still here and that we are able to survive and live on country to get our native title. So it's all intertwined. So custom evolves and, as Cam said, you know, we netted with the dolphins to catch mullet and tailor back in the day, and we are still doing that now.

10 **MR COSTELLO:** And I guess the other thing too is that our connection with the environment and the animals of the bay were also integral in our techniques. So you know, we fished with the dolphins. They were part of the fishing ritual. And also the sea eagle. So there is a connection. They were our industry stakeholders, if you want to put it in a term, and they were integral to the process for us, and also the environment was integral in terms of identifying when the oysters were ripe, were ready to be taken, you know. The hot bush would flower. So there is a lot of interrelations there between that.

20 But I think in terms of customary fishing, the Quandamooka people always feel like they have the right to go and do it.

25 **MS CILENTO:** Yes.

30 **MR COSTELLO:** And we have - I've been approached by some of our commercial fishermen concerned about it, but they - as we have always believed, we haven't ceded sovereignty, and we have never stopped asserting our rights living on country, even when government said you can't live there. Government said you can't fish there, we've always fished, so we quite often have to enter into good relationships with the marine parks and to come up with arrangements that suit all parties.

35 **MS CILENTO:** If I can just go back to your opening comments about the ability to have more say in licensing and benefiting from permits that are issued to fish in waters - in your waters, effectively, what's the next step for you, and what's the process? And do you have any observations about that - you know, that process and how it might be improved?

40 **MR COSTELLO:** Yes, I had an interesting chat with Wayne See Kee from the TSRA a while back about the arrangements up there that they have, and I think the Commonwealth bought out all those licences, and the TSRA manage those licences, and I went, "Why isn't that happening with us?"

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5 So for us, we're - we just believe - and that might be through native title negotiations - that that has to occur, as we have our rights recognised over more of the bay, but for us that's the aspiration, is that we believe we should be front and centre of how the bay is utilised, because we've got an obligation to ensure that there's an environment that it's going to be sustainable for future generations, and that is our primary basis.

10 So making money is not the core of our philosophy, and at the end of the day it's about how we care for country, whether that's sea country or land country, and our connection to country, our relationship at a spiritual level, and then also the economic development that it brings for our children's children.

15 **MS CILENTO:** I didn't have any other questions. Did you have any other comments you wanted to make?

20 **MR COSTELLO:** It's been an interesting few years for the Quandamooka people in terms of after we had our rights recognised in 2011 we had a state government election where the state government tried to basically or overrun our rights without our consent, and there's always - now we're very wary of that, and so I think in terms of Indigenous fisheries and sea rights, I firmly believe that if we look into what has happened to the Quandamooka people, that I believe Aboriginal recognition in the Australian Constitution is something that needs to occur to ensure that Aboriginal people all throughout the country don't have to deal with what the Quandamooka people have dealt with in terms of their rights and interests of their land and waters, what we've had to deal with in that regard, so that - for me that I think is also - I'd be remiss not to mention that as well, because you know, there are great governments that come in and work for the benefit of Aboriginal people and have a great commitment to closing the gap, and there are others that unfortunately we have had a bad experience with, that don't want to basically stick to the promises that were made by them.

35 **MS CILENTO:** Thank you for that.

**MR COSTELLO:** Thank you.

40 **MS CILENTO:** And thank you for taking the time to come and be present today and to make your observations known to us and to engage in the process. It's very much appreciated.

45 **MR COSTELLO:** Thank you. We sent some maps through too of Quandamooka country.

**MS CILENTO:** Yes, I've got them here.

**MR COSTELLO:** So - yes. So if you want any other further information just let us know.

5 **MS CILENTO:** Okay, great, thank you very much.

**MR COSTELLO:** Thank you.

10 **MR NALDER:** Thank you.

**MS CILENTO:** Next on my list is Professor Colin Simpfendorfer.

**MR SIMPFENDORFER:** Very good.

15 **MS CILENTO:** Thank you. From James Cook University.

**MR SIMPFENDORFER:** Thank you, and thanks for giving us the opportunity to come and talk to you.

20 **MS CILENTO:** A pleasure.

**MR SIMPFENDORFER:** Just as way of background, I'm a Professor of Fisheries Science and Management at James Cook University, and I run our Centre for Sustainable Tropical Fisheries and Aquaculture, so I spent 25 odd years working in fisheries science and management, and we had quite a large team at James Cook who deal with these sorts of issues, so sort of trying to provide, I guess, a bit of an overview of some of our experience in our area for the Commission.

25 **MS CILENTO:** Great. Thank you very much.

**MR SIMPFENDORFER:** So some comments - and the report obviously - the draft report is - makes very interesting reading, it may actually become quite an interesting teaching tool for us as well because of some of the observations in it.

30 **MS CILENTO:** But a few observations. Firstly around the research sharing and allocation issues, the draft report recognises the need for clear principles and processes around allocation of resources between recreational, Indigenous and commercial sectors.

35 **MR SIMPFENDORFER:** And some research that's been undertaken at JCU strongly supports this sort of approach, obviously. Allocation issues are one of the major sources of conflict between the different sectors, and can lead to a great

40 **MS CILENTO:**

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deal of problems and issues in fisheries management, and often leads to politicisation of the whole process, and that becomes quite unhelpful in terms of resolving the conflict.

5 The other thing that some of the research has shown is that in considering a resource allocation it's almost important to consider seafood consumers as part of the groups that are involved in this, and this - there are a number of issues involved in this, one of which is that in terms of valuing, you know, commercial fishers in particular who provide the consumers, we  
10 can sometimes think simply about gross value of production of those sorts of things, but having the availability of locally produced seafood is actually quite important for many people.

15 The other thing related to that is that when some of that seafood isn't available and imports are required to cover that availability, we don't always think about the environmental impact of that, the capture of those fish in overseas countries, and so there has been some work starting to go on now that has tried to demonstrate that the environmental cost to other countries from us importing their seafood obviously should be taken into  
20 account in how we value our own fisheries as well.

**MS CILENTO:** Can I just ask a slightly tangential question on that? You know, one of the things that people will say from time to time is that there is - they think there is additional value that attaches to the quality  
25 and sustainability of locally caught product.

I'm wondering whether, through the university or through your broader knowledge, you're aware of research that sort of has a bit of a proof point on that, if I can put it that way? Because it is one of the things we grapple with, because it's an assertion made, but we haven't seen a lot of evidence  
30 to suggest that there is product differentiation in play in practice that actually recognises some of the things which are sort of underneath what you were just referencing there.

35 **MR SIMPFENDORFER:** Yes. So a couple of points. One is - and you see this in the third party seafood certification sorts of things, where - and things like, you know, Marine Stewardship Council certification, for example, does provide, you know, quite often a price difference and a demonstration of sustainability that consumers will choose over and above  
40 other imported seafood.

There is some research - I can't recall exactly where it is - that does demonstrate some of this as well, that in some ways developed nations like Australia and the US, Canada, sometimes consider exporting their  
45 environmental problems because you essentially maintain your own

environment in a good state by controlling your fisheries well, but that requires you to import seafood from countries that don't - I can dig out - there's a couple of references that I - - -

5     **MS CILENTO:** I mean, I'd be interested in, if there is evidence to suggest that consumers do actually differentiate - - -

**MR SIMPFENDORFER:** Yes.

10    **MS CILENTO:** - - - and including differentiate in their purchasing rather than just intentions, if I can put it that way.

15    **MR SIMPFENDORFER:** Well, no, I think that's a - you know, it's a good thing, and I don't believe there's a lot of data around that, but I think it's - the third party certifications are starting to collect some of that sort of information, and there was a recent conference on that topic, so there's a whole list of journal articles that have come out of that, so I think I can send those through to you to have a look at.

20    **MS CILENTO:** That would be great.

25    **MR SIMPFENDORFER:** And it simply demonstrates that there is price differentiation which must be driven by consumer demand, obviously. So - okay, so the other thing the draft report talks about is recreational licensing, and it's one - a topic that a number of us at James Cook University have been pushing for for quite some time, partly from a research perspective, because as the report identifies, it gives you a frame of reference for the community, you know, who in the community is participating in recreational fishing, enables better collection of data, more accurate collection of data, and obviously that informs more appropriate management of recreational fisheries.

30    Well, I guess related to that, and still in that recreational fishing space, the report also talks about the surveys of recreational fishing, and we find these, you know, from a research and management point of view, we find these extremely helpful, and I think that recommendations around that are obviously very helpful, and I think we would certainly be very supportive of those sorts of approaches.

35    The one thing I guess I would note in relation to recreational fishing surveys is that it's good at collecting data about what people are up to, what they're catching, those sorts of things, but what they don't do is necessarily inform around the status of the stocks that they're catching. And so one of the issues that we have for some stocks, particularly those that are majority caught by recreational fishers, is that we struggle to

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sometimes actually understand how their status changes as catches change.

5 And so recreational fishing surveys are great, but they are not a panacea, necessarily for understanding the status of those stocks.

**MS CILENTO:** Yes.

10 **MR SIMPFENDORFER:** And that ultimately really means that, you know, in thinking about recreational fishing and actually assessing recreational fishing, there needs to be a plan in place to also understand the status of those stocks. So - the report also talks quite a bit about harvest strategies, and again, you know, this is an area that as somebody who deals with fisheries management, both in the teaching capacity but  
15 also in a scientific advisory capacity, I sit on a number of committees that advise around fisheries management issues, harvest strategies are a great tool, and I think they are becoming the norm, and the report obviously talks about the need to move in that direction, and we support that approach.

20 And I think, you know, living in Queensland where we don't have a really formal sort of harvest strategy policy, you know, we see some struggles in that area in terms of how we actually go about, you know, managing fisheries.

25 **MS CILENTO:** Just on that, I mean, it is obviously, you know, one of the things that we recommended, and I think you get perhaps slightly mixed views a little bit in terms of recognising the importance of harvest strategies but not necessarily the policy that sits over the top of it to drive  
30 consistency across the strategies in the jurisdiction.

**MR SIMPFENDORFER:** Yes.

35 **MS CILENTO:** So I take it from your comments that you would be supportive of the need for that overarching policy as well as the strategies themselves?

40 **MR SIMPFENDORFER:** Oh, absolutely, and obviously the policy development really precedes the strategy development so that you have the principles on which they are based. And having worked with the Commonwealth fisheries agency and AFMA quite a bit over the last six or seven years, you know, having that harvest strategy policy and those associated documents is extremely helpful just in terms of making sure that there's consistency in how you approach fisheries management. It's  
45 not so much sort of seat of the pants, it's okay, this is the situation we're

in, this is what the policy and the strategy says, so this is what we're going to do.

5 But the comments I'd like to make in relation to harvest strategies more relates to the information that you use to enable them, because the strategy in and of itself doesn't manage the fishery, necessarily. It's the information that informs them. It's about stock status, those sorts of things.

10 And so one of the things that I think we're increasingly struggling with in this country is how do we resource the monitoring and the research that supports harvest strategies? So how do we know what the status is? You know, and we've moved from, you know, if you - I guess in some ways the recent assessment of shark stocks in Queensland is probably a good  
15 sort of case study here. The stock assessment was carried out over the last couple of years by Fisheries Queensland. The assessment approach was technical, it was - you know, the methodology was quite good, but the data used in the assessment wasn't good enough to really inform the details of that assessment approach, and so you get to the end of that sort  
20 of process, you have an assessment that's not very well supported by the data, and so you've gone through all of this process, but because you don't have the appropriate data you don't actually get to a point where you can improve and operationalise a management, you know, sort of harvest strategy policy type approach.

25 And so if we - you know, the move to harvest strategy is reliant on having that information available, and so as part of that sort of process, there needs to be a plan around how do you monitor and research, you know, the status of the stocks so that you can actually appropriately implement  
30 that?

And I guess somewhat related to that, and drawing again on that Queensland example is that as budgets have become tighter for state agencies we've seen things like fishery observer programs removed, and  
35 so one of the things that would have helped improve that assessment of Queensland shark stocks would have been additional data from fisheries observers, but the cancellation of the program several years prior obviously meant that that was lacking.

40 And so as we see resources change, you know, that are available to agencies, we are having more and more challenges in terms of getting the data that will support those harvest strategies.

45 **MS CILENTO:** You know, one of the issues that obviously all governments are facing at the moment is how to do more with less,

effectively. Do you have - and the resourcing needs and that balance between how much you spend for the additional knowledge and data and all the rest of it is something that flows through this sector quite strongly.

5 Have you got a sense that there is capacity to improve the cooperation or collaboration around research in a way that would free up any resources? Or is it just a case that there's just a need for additional resources. There's not much to be had through better efficiencies, for want of a better description, but - - -

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**MR SIMPFENDORFER:** Yes. So there are success stories in the way this works, and you know, I've been involved with south-east - I forget what the - SESSF - the south-east trawling - trawl net and trap fishery. And they have a - every year they run a survey in that fishery, somewhat  
15 funded by industry, and they use industry boats to collect that data and those sorts of things, and so there are ways that you can approach this that will help do that, but ultimately there is a cost to these things, and you know, making sure that there's a sensible plan about what information is needed for the assessment so that you work - sort of you go, "Here's the  
20 assessment, this is the information we need, this is sort of - the sort of data that needs to be collected." So we're not collecting data that's - you know, sometimes you get into this habit, we just collect the data we've always collected, but making sure that there's actually a clear monitoring plan for a fishery that will inform what needs to be done I think is the  
25 important thing there.

**MS CILENTO:** Yes, okay. That's fine, thank you.

**MR SIMPFENDORFER:** Yes, okay. And then just my final comments  
30 around threatened and endangered species, the TEP issue, and the report - the draft report recommends obviously the collection of those data and the public reporting of those data, and I think that's actually vital to this area.

Obviously it's a topic that's become very much important to many sectors  
35 of the community, and I think open and transparent reporting of that information is the only way to make sure that that's acceptable to the community.

Now, I think it's become, you know, an expectation around fisheries that  
40 that will happen.

**MS CILENTO:** Yes.

**MR SIMPFENDORFER:** And I think that's obviously a good thing.  
45 Having been involved with fishery observer programs in Queensland,

having been on commercial fishing vessels, we know that there are some members of the fishing industry who are reluctant to report interactions with TEP species, and as a result, the reporting that occurs at least in Queensland and, from experience, in Western Australia as well, you don't necessarily always get the full picture, and so one of the issues that's important to consider in this is how do you validate the data around threatened and protected species interactions with fisheries.

And in Commonwealth fisheries, particularly in the southern gill net fishery currently where there's the interaction with Australian Sea Lions, they have gone to a very high level of video observation on commercial vessels to actually validate these, and they obviously have quite a complex system in place to actually manage that fishery and the interactions.

**MS CILENTO:** One of the things that we sort of talk to in the report is I think related to this, which is the sort of de facto zero tolerance approach that's taken, and I think some of the behaviours that possibly stem from that, so that in that environment it's maybe not entirely surprising that people aren't going to report anything, and I think there's some questions around the clarity of the objectives of the level of protection and whether we've got the balance right there. Do you have any views on that?

**MR SIMPFENDORFER:** I do, and I think - you know, and I think the report actually talks about, you know, accepted levels of mortality, and I think from a purely scientific point of view that's absolutely appropriate. You know, that there are acceptable levels. And you see, not only in Australia, but places like the US where there calculations that they do about acceptable levels of mortality of marine mammals, for example, under their Marine Mammal Protection Act.

So I think, you know, we know that all animal populations can sustain some level of take without them being reduced to really low levels, but I guess the counterpoint to that is that society is becoming less tolerant, sometimes, of any take - - -

**MS CILENTO:** I guess the question I'm sort of hoping you might have some thoughts about is that there's - I wonder there's a tension in the different systems around what's actually happening and what's getting reported. So when - and I understand the societal views very clearly, but sometimes there is a risk, I think, that you get a perverse outcome where there is zero tolerance, there is no acceptance, and so it doesn't get reported, and yes, you can chase that through tighter and tighter monitoring and compliance, but that's a tough thing to do, and it's not without cost either, and so from your knowledge of what happens in New Zealand and the US as you've observed, do those systems work

effectively in actually enabling an outcome which doesn't see those targets breached, so they're treated seriously, they're respected.

5 Because I think there's - some here would argue that once you start saying, "Well, that level is acceptable, you know, this level of mortality is acceptable, therefore what about this level?" And they see it as demeaning the protection of the species, whereas I think there's a counter argument that says it may actually reinforce better reporting because there's greater clarity about what the target is and how you can meet it.

10 **MR SIMPFENDORFER:** Yes. No, I think that's exactly right, that having some level of acceptable mortality does enable fishers to actually more appropriately report, because they know that there isn't that zero tolerance. You know, zero tolerance is the main reason that fishermen  
15 will not report.

And we see that time and again in a whole range of fisheries, that, you know, making it okay for there to be some level of mortality at some scientifically acceptable level is a much more powerful tool than just an  
20 outright ban.

**MS CILENTO:** I think that in talking with some of my team you've mentioned some views on super trawlers?

25 **MR SIMPFENDORFER:** I may have some views on super trawlers.

**MS CILENTO:** Would you like to inform us of those views, or - - -

30 **MR SIMPFENDORFER:** So - and the super trawler comes up when I teach fisheries management. It's actually a really interesting talking point. And so, you know, the issues around the super trawler, you know, there is - and I guess in some ways it comes down to what we've just been talking about is that, you know, there is this - there are views that have developed in society around what's acceptable and what's not acceptable that are  
35 very removed from what is considered scientifically acceptable and justifiable under a sustainability sort of approach.

And so the super trawler is a fantastic example of that tension between environmental expectations from the community and what the best  
40 available science, you know, that Australia has fantastic capability in, can produce.

And so you know, I think what the super trawler taught a lot of people in the fishing industry is probably that you need to be much more aware of  
45 community expectations around environmental outcomes than you

probably had to previously, and in the aftermath of the super trawler issue there's been a lot more talk about - I've forgotten the term - social licence.

**MS CILENTO:** Yes.

5

**MR SIMPFENDORFER:** So you know, what - how do we make sure that we sell our industry as meeting those environmental expectations around, you know, what the community is expecting, and so - - -

10 **MS CILENTO:** So it was a slightly leading question, and now I'm going to tell you why.

**MR SIMPFENDORFER:** That's okay.

15 **MS CILENTO:** So I think - you know, one of the things that - so we've obviously heard similar from others. You're a scientist. I think one of the challenges is - and maybe there's not an answer and maybe it's just the challenge of social media and all the rest of it, but one of the things I've certainly grappled with is how do we do better at conveying the science  
20 around sustainability?

**MR SIMPFENDORFER:** I think that's a - that's actually one of the key questions in this whole sort of issue, and I think the government has been very poor at actually communicating that, and I think as a scientist I  
25 actually get frustrated when - and obviously the counterpoint is obviously often led by conservation groups, who provide, you know, a view of - their view of what may or may not be sustainable. But you don't hear the counterpoint from government, who really is the arbiter of what's really sustainable, you know, under Australian legislation.

30

And I think, you know, I - another example from Queensland from my experience in about 2009 a whole range of regulations changed around shark - the take of shark in Queensland, and at the time there was a number of conservation groups who had large campaigns around what  
35 was - what they thought should happen in this sort of space, and the government basically - there were answers, there were committees that provided answers to some of these questions, but the government never communicated them publicly, you know, in this debate. So you get this very one sided debate about what is sustainability. You sort of have the  
40 scientists who have their opinion, but you know, the government ultimately is the people who provide the regulation in that space, and it would be good to see a stronger presentation of actually what Australian regulations mean in terms of sustainability.

45 We're seeing it more now. I think there are the reports around the status



of Australian fish stocks. That's starting to provide the information, but it doesn't necessarily still provide the direct counter to some of the opposing views on sustainability from the conservation groups.

5       **MS CILENTO:** Did you have anything else you wanted to add?

**MR SIMPFENDORFER:** That's all I have.

10       **MS CILENTO:** Thank you very much.

**MR SIMPFENDORFER:** Not a problem, thank you.

**MS CILENTO:** Thanks for your time. Sorry?

15       **UNIDENTIFIED MALE:** I just thought it was afternoon tea time, Commissioner.

**MS CILENTO:** You can help yourself to afternoon tea whenever you'd like. Helen Jenkins?

20       **MS JENKINS:** Yes, that's right, that's me. I'm an Executive Officer for the Australian Prawn Farmers Association.

25       **MS CILENTO:** Helen, nice to meet you. Thank you for joining us today.

**MS JENKINS:** Thank you.

30       **MS CILENTO:** Now, we've had a submission from you, I think?

**MS JENKINS:** Yes, you have.

35       **MS CILENTO:** Submission. And I know you've been talking to the team in the lead-up to this, but why don't you just start off by giving us a background to your views, or straight into thoughts on the draft report?

40       **MS JENKINS:** Probably straight into thoughts on the draft report, but thanks very much for the opportunity to attend the public hearing. So I'd just like to probably address some of the issues under the section for aquaculture.

45       Number - and specifically 8.1, so I'll go through each one, but this one was in relation to access to suitable sites, spatial planning, which assists in the efficient identification of locations. So the Australian Prawn Farmers Association agree with this in principle. However, making it happen has

been very difficult.

5 The Queensland Government have only just started to address a recommendation from the Queensland Competition Authority review. This was finalised in September 2014, so the government here in Queensland have only just now started to get a taskforce together to look at it. And there was a huge area that got a look at, which is identified 450 hectares. So in the size - the massive size of Queensland, that's their grand target.

10 So even though it sounds very, very conservative in my opinion, we've had one meeting initially, and when they're doing the mapping overlays, to express how difficult it is to try and find land when you've crossed out all of the other sections that are there and that have been set aside for other purposes.

15 And of course, our optimal areas are beside the Great Barrier Reef, in the estuarine areas along the Great Barrier Reef, where there's limited capacity for nutrients entering the reef regions, and that's despite rigorous science that we've had done with CSIRO - with CSIRO mainly in relation to water quality, that have said all of our nutrients are absorbed into the estuarine environment two kilometres downstream. So in my non-scientific mind, our nutrients don't reach the reef, but there's still an issue as far as any new development.

25 And we've just had one farm - we haven't had a new farm since the year 2000. We've had one proponent. He's been - he got through the process, but after a 15 year wait. So that was for a 240 hectare farm, and then it had a strict condition of nil net discharge.

30 **MS CILENTO:** Yes.

35 **MS JENKINS:** Now, admittedly, that's a little bit different to our other ones, because our ones are discharged directly into the reef, but still, it's a restriction that, you know, other industries aren't expected to meet.

40 So in the APFA's submission I draw attention to the restrictive regulatory instrument called the Great Barrier Reef Marine Park Aquaculture Regulations 2000. The GBRMPA had the ability to turn on and off at any stage in relation to any new proposals that were put forward. Now, there's been some inquiries into development of Australia, and one of them, the scaling up inquiry into opportunities for expanding aquaculture in Northern Australia, the joint select committee released a February 2016 report, and in there, recommendation number 4, they recommended that GBRMPA, in accordance with the planned actions outlined in its

regulatory plan 2015-2020, I think it was, revoke this act.

5 So I was quite pleased to see that in there, and it certainly meant that that senate inquiry had listened to our issues and our concerns. So that's one in relation to 8.1. 8.2, this was very disappointing to hear. I know there was a big Productivity Commission that happened in 2004, because this inquiry then didn't see it as a significant impediment to growth, well, I just want to disagree.

10 And it recommended - the 2000 report recognised that Australia - the aquaculture industry in Australia was diverse and rapidly growing, and the report stated the aquaculture production was subject to an unnecessary complex array of regulations.

15 So I strongly appeal for change. Something has to change for aquaculture to be given more prominence as a secure food source for the future, and I think Colin sort of touched on an issue, that we're abrogating our environmental responsibility to the overseas country when we're importing the seafood from countries that don't have to meet the same  
20 strict environmental conditions that we do, and I think that comes from a research paper done by a Professor Rob Carney.

**MS CILENTO:** Yes. Can I just ask a follow-up question on that? One of the challenges for us - and I mean, I'm going to go back and just - and  
25 reflect again on the chapter that we've written in the report, and whether or not the wording of that recommendation is quite right in the sense that we devote a bit of time to talking about the land-based - the challenges for land-based prawn farming in Queensland, so - and we're quite up-front in the language that we use in the chapter about talking about the regulatory  
30 imposts as regards that particular part of the business, of the sector.

Beyond that, we really struggled to get any feedback anywhere else saying that regulatory - the regulatory burden was inhibiting aquaculture expansion or establishment. Now, which isn't to say there weren't  
35 barriers, but they weren't regulatory barriers. So they were either issues around social licence and getting access to more marine environment and where that happened, or issues around the accompanying investment in infrastructure that's needed.

40 But as regards regulation itself, we really didn't get much more in the way of feedback of people saying, "We would love to be establishing a business or an investment here but we couldn't because the regulatory burdens are too great."

45 Now, sometimes it's - they look at the regulatory burdens and might say,

- “That’s too hard,” and so they’re not even going to try, but so - I guess my question to you is, I think we’ve dealt with, fairly comprehensively, the example that you’ve cited today about the 15 year process, and there’s no way we would do anything other than chastise that.
- 5 But are there other examples that you can point to where you think regulation is the key issue that’s preventing - - -
- 10 **MS JENKINS:** Specifically regulation? For Queensland, I suppose, only was the Sea Dragon project, and that’s been well publicised.
- MS CILENTO:** Yes.
- 15 **MS JENKINS:** It’s a 10,000 hectare for the Northern Territory / Western Australia. They wrote to the Queensland Competition Authority and said that they wouldn’t consider Queensland simply because the regulations would be too difficult to get through, and that’s why they chose the area they did for their venture.
- 20 Now - and it’s not actually recorded, or I don’t have a lot of - - -
- MS CILENTO:** That’s fine. I think, as I said, when I went back and had a look at the chapter - - -
- 25 **MS JENKINS:** Yes, yes.
- MS CILENTO:** - - - we actually say Queensland is different.
- MS JENKINS:** Yes.
- 30 **MS CILENTO:** So I think one of the things for us to do is just go back and have a look at the rec and see whether perhaps the rec is - recommendation is worded correctly.
- 35 **MS JENKINS:** Yes. I do get a lot of enquiries from investors, particularly in Asia.
- MS CILENTO:** Yes.
- 40 **MS JENKINS:** But because - if they Google anything, the first thing they see is probably Guthalungra,, and if they look at the timeframe they think, well, what’s the point in trying to invest money if you’re going to have to wait that long?
- 45 **MS CILENTO:** And I’m not trying to downplay the challenges for - that

are involved in investment in the industry. It is quite a unique proposition, I think, in terms of the investment that's required up front in terms of proving up the science, if you like, and the commerciality of it and everything, before you even get to the point where you might start investing in the actual infrastructure of the venture itself.

Okay, thank you.

**MS JENKINS:** Yes, okay, so you know, I just sort of went on about 12 years ago, I just looked back and thought, what did we - what did happen 12 years ago? And we had plasma TVs that cost \$10,000, mobile phones had one megapixel cameras was a really big thing, Facebook was born, Friends ended, we downloaded music on iPods, and Skype was introduced. So you know, a lot's happened since in that 12 year period, but we haven't advanced.

And I think the National Agriculture Council in their submission, they highlighted again the 2004 had some issues in it in relation to - I think they had five issues that they could see that weren't resolved, and then they also offered three overarching solutions. So I'm not sure the - have you seen the solutions? Do I need to read them out, or - - -

**MS CILENTO:** Yes, you may as well.

**MS JENKINS:** I might read them out.

**MS CILENTO:** Yes.

**MS JENKINS:** So one was an Australian aquaculture policy and subsequent act to simplify regulation of aquaculture and promote aquaculture development. Federal government policy to support aquaculture as a significant contributor to agriculture development, regional development and to food production, addressing the challenge of food security and the seafood trade imbalance. And thirdly, a national harmonised framework for risk assessment, environmental approvals and regulation of aquaculture.

So you know, over the course of the last couple of years, Australian prawn aquaculture in particular, we've contributed to numerous federal inquiries, and each one has provided a comprehensive set of recommendations which are all sitting there and which haven't been, you know, implemented or acted upon.

So - and at the moment there's all the - this is a national aquaculture statement. There's a draft national aquaculture strategy. But again, it's a

far cry from a national policy.

5 So I'd like to see - I would like to see maybe a taskforce, a dedicated Commonwealth taskforce, that could sit there and look at all of those recommendations and see how the recommendations could be implemented nationally, and then aquaculture in Australia might be able to start to develop.

10 And again, the development or scaling up inquiry into opportunities for expanding aquaculture in Northern Australia, the joint select committee, their February release, they had - there are one, two, three other - four other recommendations for aquaculture. One was in their view to expand the science related to the environmental impact of aquaculture in areas adjacent to the Great Barrier Reef, that GBRMPA, and the Queensland  
15 Government develop special aquaculture zones, which I've talked about earlier.

20 That the GBRMPA revoke the Great Barrier Reef Marine Park Aquaculture Regulation Act 2000, and that the Department of Environment ensure the framework for development offset in the Great Barrier Reef is comprehensive, transparent and accessible for potential aquaculture investors.

25 Then under section 8.3 the Australian Prawn Farmers Association don't believe separate agencies would be functional because it's the separate agencies now that are causing the issue. You've got to deal with state and then you've got to deal with Commonwealth and you've got Environment, you've got State Development. Each one seems to frustrate - each process will frustrate and not help each one along the way, which I think is  
30 probably why - - -

**MS CILENTO:** So just to be clear, so you would like a one stop shop in terms of management plans and environmental approvals?

35 **MS JENKINS:** Yes.

**MS CILENTO:** So do you think that - so what - I mean, one of the challenges when you - you know, say, when you're in Tasmania and, you know, there's no doubt that the whole social licence to operate is a big  
40 issue, and you know, one of the things we heard there is that there is a sense, a perception of conflict of interest in a government that's trying to promote the sector but also then be perceived by the community as being, for want of a better description, the tough cop on the beat in terms of managing environmental risks and sustainability. So do you see a conflict  
45 in that, or - - -

5 **MS JENKINS:** No, I thought Tasmanian industry was well-supported because it's a - it provides a good - lot of jobs down there for the regional economy that otherwise wouldn't have jobs.

10 **MS CILENTO:** It is, but there are certainly some stakeholders, and reasonably vocal stakeholders - I mean, the industry itself acknowledges the importance of its social licence to operate, that there is a perception of strength in the regulatory arrangements which support sustainability and the like.

So I just wonder whether there's - whether that would be sustained under your proposed model?

15 **MS JENKINS:** Yes, I would like to think we were. I would like to be like the Tasmanian industry, worth \$540 million instead of 85. Yes, I believe, you know, we're totally different. We're land-based aquaculture whereas theirs are in the water, and I understand they've got an Aquaculture Act that does actually support their industry.

20 And they can't do anything with the environment. I mean, if they were upsetting the environment then they wouldn't be able to do what they do sustainably anyway, they wouldn't be able to grow their animals. I'm sure there's lots of scientific rigour underneath what they do, and I know

25 that I talk to them quite often, and yes, there's - they invite the public out to see what they do. They've got open days. They don't try and hide anything. They do - they're very supportive of everything.

30 **MS CILENTO:** Yes, I guess all I'm saying is that regulations do also, you know - - -

**MS JENKINS:** Yes.

35 **MS CILENTO:** - - - assist them to, you know, in demonstrating sustainability of what they're doing.

**MS JENKINS:** Yes.

40 **MS CILENTO:** And part of that is a sense in the community that those processes are independent and robust.

**MS JENKINS:** Yes. I would say so, yes.

45 **MS CILENTO:** Sorry, I interrupted.

5 **MS JENKINS:** Yes, so yes, I was just going to say that there is an MOU, as far as I'm aware, between the Commonwealth and Queensland Government to deliver a one stop shop, but I think that falls down. If there's any sort of aquacultural approval it's still got to go through that messy, messy stakeholder network again.

10 So we didn't see that as a good solution. Then I just want to touch a little bit on the 9.1, which is the country of origin labelling for seafood. And again, I thought it was maybe a disappointing draft recommendation and perhaps showed lack of understanding of the issue, because there's been numerous campaigns and submissions from many stakeholders over the last decade appealing for this to happen.

15 Legislation was introduced by Senator Xenophon into the parliament in March 2015 only to be squashed by 12 August 2015. And a consumer can walk into any major supermarket now and buy seafood confident that they know the origin of the food, the seafood that they're buying, and they've been able to do that since 2006, but the same consumer can't go to a restaurant and confidently where the origin of the seafood on any menu is  
20 unless they're eating out in the Northern Territory.

25 **MS CILENTO:** So my question on that would be, if there is such a strong value proposition in support of this, why would restaurants and other outlets not be doing it on a voluntary basis? If it was - if there's a demand for it from the consumers? To warrant the cost that would be involved.

30 **MS JENKINS:** Well, the Restaurant and Caterers Association says there's going to be a huge cost, but we sort of tend to disagree with that, and we feel that the Restaurant and Caterers - or restaurant owners are - not all of them, but some of them, are making profits by not having to label, so they're - I mean, you might go to a restaurant and order a \$40 piece of seafood on the meal, and you don't know whether you're getting a \$3 piece of bass.

35 **MS CILENTO:** But my question is, if it mattered to people - - -

**MS JENKINS:** Yes.

40 **MS CILENTO:** - - - and they were prepared to pay more for domestically sourced fish, and it did matter to them, why would they not ask, or why would there not be more pressure for this to happen on a voluntary basis?

45 **MS JENKINS:** I think the consumer doesn't understand where their



seafood comes from, not - when you talk to consumers and say, “We import 75 per cent of our seafood,” they say, well - - -

5       **MS CILENTO:** The same consumers are presumably shopping in the supermarkets, which you’ve pointed out actually have labelling. So presumably they would have a sense of where the different sources of fish are coming from.

10       **MS JENKINS:** They should.

**MS CILENTO:** So if it was important to them, why wouldn’t they expect the same visibility from their local restaurants and outlets?

15       **MS JENKINS:** I think - yes, I think we’ll have to look back there. There has been consumer research done, I think, that say that they would prefer Australian on the menu, but the push - the pushback again, the social media thing, a bit like the super trawler. Like, if they found out and knew, if there was a powerful social media campaign, then they might understand and there might be more backlash towards it, but at the  
20       moment there hasn’t been that backlash. But that’s the industry - - -

**MS CILENTO:** We did look at it, and we are aware of the arguments for, but also, you know, strong arguments against as well. And one of the issues which we have asked people about and tried to get a better handle  
25       on is if there is such an implicit or underlying demand for this to be occurring, we perhaps would have expected to see more pressure for it, or more evidence of it emerging on a voluntary basis, which we haven’t had much evidence of.

30       **MS JENKINS:** No. Well, probably a restaurant’s not going to do it voluntarily unless they’re a (indistinct) restaurant and they want to proudly display where their seafood comes from.

35       **MS CILENTO:** All right.

**MS JENKINS:** That would be my opinion.

**MS CILENTO:** So anything else?

40       **MS JENKINS:** Nothing, thank you.

**MS CILENTO:** Well, thank you so much for your time today, and I appreciate you coming to make your views known to us.

45       **MS JENKINS:** No worries, thank you.

**MS CILENTO:** Margaret. Welcome.

**MS STEVENSON:** Thank you.

5

**MS CILENTO:** You've provided us with a submission?

**MS STEVENSON:** Yes.

10

**MS CILENTO:** Okay. And Margaret, you're here in your capacity as - -  
-

15

**MS STEVENSON:** I'm a fisherman's wife. We're a small scale fishing  
- commercial fishing business, and - pardon me - I've also just recently  
been elected as the Queensland Director for the Women's Industry  
Network Seafood Community. That was two weeks ago, so - - -

**MS CILENTO:** Congratulations.

20

**MS STEVENSON:** I hope. But yes, I've been involved in trying to  
protect our livelihood for almost 20 years now, and have just produced a  
book that I'll give you a copy on a USB stick as well.

25

But today, what I was - one of the things to begin with that I was going to  
talk about was how always - and the Indigenous people that were here also  
reflected this, that the community has relied upon a few sea-hardy  
individuals to harvest seafood on their behalf. That's always been the  
case. And so I believe social licence is found in society's expectation of  
and demand for someone - pardon me - I must apologise for my throat  
today.

30

**MS CILENTO:** Did you have a glass of water?

35

**MS STEVENSON:** I did, but it's still giving me trouble. Anyway, yes,  
society has also - has always had an expectation and a demand for  
someone to catch a supply of sustainable seafood on their behalf. I don't  
believe that relationship between supplier and community should be  
ignored or undervalued, and I believe that that is what has happened over  
time.

40

Every restriction to resource access by commercial fisherman has resulted  
in a corresponding reduction in supply of domestic seafood - thanks - for  
the community, and I don't believe it's right to treat the community's  
share as expendable. And unfortunately that seems to have been the case  
over the past two decades.

45

5 Because that link between community and supply is so important, I do believe it is ethical - I don't believe that it is ethical to allow the community's share to become a commodity which is tradeable between the commercial sector and other sectors, which potentially could lead to no access for community at all if inter-sectoral transfers were allowed.

10 I believe it is inappropriate for the commercial sector to sell their commercial licences or quota to another sector, resulting in less available domestic seafood for the public. For the same reason, it's - I believe it is inappropriate to discount community demand for and their spending on seafood while acknowledging and emphasising recreational fishing expenditure. Both consumer activities are important and support industries but current focus on the importance of recreational angler expenditure has led to disproportionate access to fisheries resources for the community since whatever share of resource access is apportioned to the commercial sector must then be shared by the millions of seafood consumers while recreational anglers are a relatively small minority of the community, and at present in Queensland have majority access to fisheries resources, both in terms of spatial access as well as species for a lot of - in a lot of cases.

25 Since both recreational anglers and seafood consumers are the end users of the fisheries resources, competition over resource access is really between recreational anglers and seafood consumers. Commercial fishermen are not the end users of the product that they catch.

30 I disagree with the Commission's opinion that it is more efficient to purchase fish from foreign producers who can fish at lower costs, and that seafood self-sufficiency is a fruitless and inefficient objective. Firstly I think we should ask why the costs overseas are lower. Some significant costs and benefits are not always computed in strictly dollar terms. There is also intangible and perhaps unquantifiable benefits to being self-sufficient in as much of our food supplies as possible, simply because food is a basic need of everyone in our population, and Australia being an island nation, I believe it places even greater importance on our long-term food security for our population.

40 We live in a world of increasing food fraud, contaminated waters, varying food handling standards throughout the world, and I believe it makes sense to know the actual origins of our food, and it is much easier to trace our own domestic food than product coming from overseas.

45 And we don't know what upheavals, financial or climatic, whatever, you know, disasters may occur, or even where the next perhaps dangerous

conflict could break out, potentially impacting our supply or even our ability to pay for imported seafood - pardon me.

5 We also don't know that another nation may not claim access to our fisheries resources under the United Nations Convention on the Law of the Sea if we are not utilising our resources fully, and so I'm not suggesting we live out of fear, but just that we make a wise contingency plan, you know?

10 I believe it's economically wise to have a proactive plan for food security rather than having to hastily create a reactive plan in the midst of troubles. And I don't know who said it, but I thought it was a wonderful statement that said when the time of need arises, the time of preparation is over, and I believe that's true.

15 With our - I had some maps here as well that show that commercial access to resources in Queensland is getting very short, very small. We've got the Great Barrier Reef Marine Park Authority's zoning plans and so on, and we have enormous areas there that I can give you an idea of that are  
20 no-take zones at all that commercial fishermen are kicked out of.

But on top of that, we have yellow zones where we're also not able to fish, and then on top of that we have, you know, sort of other areas under state legislation where we're also not able to fish, and now our state  
25 government has a policy of introducing net free zones on top of that without acknowledging all these other areas that we already cannot use to fish. And it seems almost to be a process of filling in the gaps between closures so that access to certain commercial net fishermen is becoming extremely thin, and yet the government's own web page has a graph that  
30 shows that 95 per cent of the in-shore fish for the public is actually caught in nets. So by banning the apparatus they are taking the bulk of the public's supply of them.

35 With the approach to sustainability and the concern over that, we have also seen in recent years this report, I suppose, that Australia has extremely nutrient-deficient waters. I am not sure what research backs that up, but I have concerns that that response may be a kind of making excuses for the fact that Australia's fisheries production is so low in comparison with nations around the world.

40 **MS CILENTO:** I think it has - if I can put it - I'm not a scientist, but I think as someone's explained to me, it's directly parallel to the productivity per acre of our land.

45 **MS STEVENSON:** Right.

**MS CILENTO:** So we don't - we are a very old country.

**MS STEVENSON:** Yes, yes.

5 **MS CILENTO:** Our soils are limited in their nutrient content.

**MS STEVENSON:** Right.

10 **MS CILENTO:** And as a result the run-off into the waters doesn't have the same nutritional content - - -

**MS STEVENSON:** Right.

15 **MS CILENTO:** - - - to support the marine environment that you might get in other places.

**MS STEVENSON:** Okay, yes. I know our fisheries used to be a lot more vibrant than what they are now, and I have concerns considering, you know, if that is the case, that our fisheries - our waters are nutrient deficient, then it makes me wonder why there is such a concern about farm fertiliser run-off. One would think that that would actually add nutrients to the water. Perhaps it may be it's the composition balance that might be the concern there.

20

25 **MS CILENTO:** Yes. I suspect it's that, and the concentration of it.

**MS STEVENSON:** Yes, quite possibly, yes.

30 **MS CILENTO:** As distinct from what Mother Nature might impart.

**MS STEVENSON:** Yes, that's true, and I accept that. I know our - I came across some little map here that - it's - pardon me - a depiction of the 2000 to 2004 catch levels around the world, and Australia's catch level is shown to be consistent with uninhabited Antarctica.

35

**MS CILENTO:** Yes.

**MS STEVENSON:** And I thought, well, you know, it just raises questions to me because that was 2000 to 2004. We have since had the introduction of the Great Barrier Reef Marine Park zoning plan, and the Moreton Bay Marine Park zoning plan, the Great Sandy Marine Park zoning plan, with all these areas that are closed to commercial fishing, and so you know, our catch levels would be even lower still.

40

45

And so at what level is it - you know, are we under-utilising our resources, I suppose I'm getting at, and I wonder about that. Our fisheries were highly productive - well, much more highly productive than they are presently in the past. And so - pardon me - it's - but at the same time, I'm  
5 also concerned that there's been other impacts, other anthropogenic impacts upon fisheries productivity that have not been considered, have not even attempted to have been corrected or mitigated.

10 The area that I live in has numerous examples of activities that have had dramatic impact upon fisheries resources, and there's never been any political will to actually rectify any of those. For example, just one example, we have the Ben Anderson Barrage. I mean, we have the Burnett River, and the Burnett River has over 30 dams and barrages on it. And when the Three Gorges Dam was built in China, and it's some 1,500  
15 kilometres upstream, they found that there was a 95 per cent reduction in the downstream fish eggs and larva within the first two years, and so if that's the kind of impact that barrages and such impediments upon, you know, on freshwater flows, that's the kind of impact that they can have on fisheries resources, then it would make sense to me that in a country with  
20 as poor nutrient content in our water as we have that we should be looking at perhaps other ways of harnessing water that doesn't impede river flows and things like that.

And - but with the Ben Anderson Barrage, it was actually placed right within the tidal reach of the river, and so it's severely impacted the amount of brackish water that's in the river and - but we have the barrage, which was built supposedly to allow the highest tide to be able to go over, but then they put what they call hungry boards on top, and turned it almost into a dam, and they're there consistently. They're kept there. They built  
25 a fish ladder, which for years was kept padlocked shut because they didn't want to waste any water going down to the sea.  
30

And that concept of water making it to the sea being wasted I think has been a big problem in Australia. But as far as seeking a policy of having the hungry boards taken down to allow the tidal flows to go over periodically, there's been no political will to do either that or any modification that would allow the river to be healthier.  
35

And so, you know, it's - there's - I see a lot of hypocrisy, you know? It makes me wonder, are governments and environmentalists not really as concerned about our fisheries resources and fish habitats as they insist that they are when they're dealing with the commercial fishing sector.  
40

**MS CILENTO:** Can I just ask a question on that?  
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**MS STEVENSON:** Sure.

5 **MS CILENTO:** A lot of the points you were making, we've heard - I actually think there's quite a few areas where I think we're perhaps a little bit more aligned than - - -

**MS STEVENSON:** Yes.

10 **MS CILENTO:** - - - you might think, and the issues that you were just talking about in terms of taking account of known fisheries developments and the impact on the marine environment and commercial fishing in particular - - -

15 **MS STEVENSON:** Yes.

**MS CILENTO:** - - - those types of things, the importance of maintaining a viable marine environment, of ensuring the sustainability of the commercial fishing sector, all those things are certainly front and centre for us.

20 One of the things that has been sort of interesting is that - is trying to understand how that sort of political process feels from the perspective of people like yourself - - -

25 **MS STEVENSON:** Yes.

**MS CILENTO:** - - - who are trying to engage in it, trying to influence decision-making, and in particular how you think that process of consultation or engagement could be done differently - - -

30 **MS STEVENSON:** Okay.

**MS CILENTO:** - - - so that you at least would feel that you'd been heard or were having some sort of influence on policy outcomes. Do you have any views on that?

35 **MS STEVENSON:** I do. With our experience in the past, having only a small fishing business, our original licence allowed us to do a number of different - work in a number of different fisheries, which my husband sort of went from one to the other throughout the year, and so each part of that licence contributed something to our overall income, but we never caught, you know, the big quantities of any particular species or in one particular fishery that those who specialise in those fisheries did, you know?

45 And I know with the change to the - the government implemented a

management plan of coral reef fish. Now, my husband had spent, you know, over 20 years fishing in the - in reef fishing, and he missed out on an RQ, which is a reef quota, and - pardon me- simply because that in the years that they picked, our catches were lower because he didn't go north at the times when he normally did, and that was because of illness and, you know, those sort of issues. I think his father - anyway. That's beside the point.

But there were family issues at the time that caused him to make the decision to stay home and - not knowing that this was going to have a dramatic impact down the line on our capacity to earn, and so he lost his right to go fishing for reef fish, and along with that, when they gave out Spanish Mackerel quota, we only - because he did that at the same time, we only managed to get a very small quota, which doesn't make it worthwhile taking the trip north to catch his quota in one trip and then come all the way home again, because he used to go to Townsville to do that.

**MS CILENTO:** So what does he do with his quota in that circumstance?

**MS STEVENSON:** Well, we sometimes lease it out, but it's so little that, you know, most people have got lots more than us.

**MS CILENTO:** Yes.

**MS STEVENSON:** So - but the problem was there was no political appreciation for the fact that you could be engaged in a number of small activities that all contributed to your overall income, you know, and unless you were - and I think that's one of the issues that needs to be considered with the harvest strategies and the resource access as well, that - this is similar to what the Indigenous people were saying, you know, being small operators, we have some of the same values and perspectives as those people too, and that latent effort issue becomes a big problem for small-scale fisheries.

**MS CILENTO:** Yes.

**MS STEVENSON:** And it's - you know, do we want to see Queensland's fisheries or Australia's fisheries go over to having no small-scale fisheries or, you know, do we want to keep that - you know, that scale of fishery involved.

**MS CILENTO:** It's a really tricky question, I have to say.

**MS STEVENSON:** It is.



- MS CILENTO:** Because you know, when you look at the cost that - and the resources that are expended for managing fisheries in Australia - - -
- 5 **MS STEVENSON:** Yes.
- MS CILENTO:** - - - and you know, for ensuring that there is sustainability, which is in everyone's interests - - -
- 10 **MS STEVENSON:** That's right.
- MS CILENTO:** - - - and accepting how risk averse you may or may not be on that, but nonetheless - - -
- 15 **MS STEVENSON:** Yes.
- MS CILENTO:** - - - and it is a really - it's a real tough question, because you know, there's arguments for saying that big scale that allows fish to be caught more efficiently, which makes it more affordable for consumers,
- 20 which means they compete more effectively against imports and all the rest of it is one side of that coin, and then the other side of the coin is what you're talking about, which from your perspective and your ability to earn an income and, you know, have a diverse income stream and all the rest of it makes complete sense.
- 25 **MS STEVENSON:** That's right, that's right.
- MS CILENTO:** You know, but it sits a little bit at odds with some of the other objectives.
- 30 **MS STEVENSON:** Yes. Yes.
- MS CILENTO:** So it is quite challenging.
- 35 **MS STEVENSON:** Well, by doing so, I mean, we were shifting our effort constantly.
- MS CILENTO:** Yes.
- 40 **MS STEVENSON:** And we believe that's a sustainable way to fish anyway, you know.
- MS CILENTO:** Yes.
- 45 **MS STEVENSON:** And, like, he would rest areas, he would give them a

good 12 months' rest, and - but because of the way everything's been pushing us into smaller and smaller access, now we're over-fishing areas only because we can't go anywhere else, you know? This is - it's - to be able to fish sustainably, you need to have the expansive access, you need to have area to access, and constantly cutting us down doesn't allow that.

And it's pushing - you know, pushing the fishermen into smaller and smaller areas, but of course as soon as you start taking out more and more fishermen as they've done, again, we're still cutting away at the public's supply, you know? We're treating that supply as being expendable.

**MS CILENTO:** Yes.

**MS STEVENSON:** And I don't believe that's right. So - I've looked at all the changes that we've gone through over the past 20 years, and consistently I'm still hearing these problems. After, you know, such a vast array of management approaches, plus all the restrictions on spatial access, and yet there's still problems, it makes me wonder why.

I mean, surely they should have been able to correct something in that time, and it just makes me think that their entire approach to fisheries management may be entirely wrong, perhaps, because certainly these other areas that are red on here, I mean, we're importing from countries that on this map are shown as red, which is the highest level of catch, you know, around the world.

And we're importing from there. So that makes me wonder, and I just - yes, I think - I think our fisheries management needs to actually identify definite risks and deal with those, rather than just this ad hoc process that they've been going through. But it certainly has - it certainly has cut down our industry in the state, and definitely public access, and going back to the question you were asking about the restaurateurs and - - -

**MS CILENTO:** Yes.

**MS STEVENSON:** - - - you know, voluntarily going over to local product, we do have a couple of restaurants in Bundaberg who sort of - their point of difference is the fact that they supply local product. One of them is actually owned by a commercial fisherman as well, which provides him an outlet for his product, but I think part of the problem comes back with being able to source product.

In some regards, there's so little available I think people have come to sort of - they walk into the supermarket, they hardly see any Australian seafood, I think they think, "Well, that's all there is available," and so they

just - they don't - they might complain to, you know, their next door neighbour, but they go to a restaurant, I don't think they ask, because they assume that it's probably all imported because there's no other available, and I think they have this perspective that's put out there by various groups that the world's fisheries are over-fished and this sort of thing.

I think a lot of people have been sort of scared off asking because of that sort of thing, so - anyway, that's just my perspective, but - - -

**MS CILENTO:** No, I appreciate it.

**MS STEVENSON:** So - but anyway, yes, I just hope that something will happen to give us a little bit more security in our industry and our business. You know, one of the problems that we're facing personally is we have a son who would like to carry on the business, but he's afraid to do so because he doesn't know whether there's going to be an industry in the short, let alone the long, term. So - - -

**MS CILENTO:** No, I very much appreciate your comments today and taking the time out of what I'm sure is a busy life to participate and to make those views known to us.

**MS STEVENSON:** Thank you. Yes, thank you, Chair.

**MS CILENTO:** Thank you. And if you do have that on a USB - - -

**MS STEVENSON:** I do. Yes, I do.

**MS CILENTO:** - - - that would be great.

**MS STEVENSON:** Thank you.

**MS CILENTO:** Thank you again.

**MS STEVENSON:** Thanks.

**MS CILENTO:** Last but not least, Eric Perez and Emeritus Professor Tor Hundloe. Eric, I can thank you for both of your submissions.

**MR PEREZ:** No worries. I'll let - you can go first, Tor. Do you want me to go first?

**MR HUNDLOE:** Well, I can deal with some of the issues the Commissioner is interested in, I think.

**MS CILENTO:** Please.

5 **MR HUNDLOE:** Look, I suppose I'd better say who I am. I am Emeritus Professor Tor Hundloe, the Global Change Institute, University of Queensland, and some years ago, I was going to say, I sat where the Commissioner sat, and heard many a similar story.

10 But look - and I'm also probably the pioneer of fisheries economics in Australia, if not around the world.

**MS CILENTO:** And I'm a bit anxious, actually.

15 **MR HUNDLOE:** Oh, don't be. No, no, no, no. Look, just a number of very, very quick things. I've got the reference, if you want to look at the premium that James Cook University - premium on locally-caught fish, wrote it down for you and now I'm - (indistinct) Pascoe is the first name, he's of CSIRO. Pascoe, Innes, Tobin, Stoekel, Parides, Dawe, 2016. And the title is "Beyond GDP: The Value of In-shore Commercial Fisheries to Fishers and Consumers and the Regional Communities of the Queensland East Coast", published in July this year.

20 So that's only one of many studies that look at that premium. I think it suggests about 11 or 12 per cent. Secondly, just very quickly in terms of labelling, there are a number of restaurants around the country, increasingly so, that do, as my previous - your previous witness said. I understand your point of view, that if there's such strong demand, you know, why aren't they all doing it, but I suppose from an economist's point of view there is asymmetry of information.

30 I mean - and it's not only with fish, it's with all sorts of things. I mean, as I was telling people at lunchtime, my sister who grew up on a dairy farm thought milk came out of a bottle, so you know, we have these sorts of problems.

35 Two or three other quick points. You do say under downstream processing - this is in your report - about 90 per cent of seafood by volume is sold as fresh or frozen product. Now, I'm not sure if you found that from ABARES or what but I doubt that is right. So there's, you know, no point there, but it might be worth having a look at it.

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**MS CILENTO:** Right.

**MR HUNDLOE:** You say that on page 24.

45 **MS CILENTO:** Yes.

**MR HUNDLOE:** “Around 90 per cent of seafood is” - yes.

**MS CILENTO:** Fresh or frozen. So your - the alternative being - - -

5 **MR HUNDLOE:** That’s produced in Australia. Well, there’s a lot of - maybe you’re using the word “fresh” differently to the way I’d use it, but you know, fish and chip shops, fishmongers, seafood, you know, all the sort of cooked seafood.

10 **MS CILENTO:** Okay.

**MR HUNDLOE:** Yes. Maybe it’s just the terminology.

15 **MS CILENTO:** Yes. I think we’re talking about - yes, all right. I think in the context in which we mean it, it’s correct, but I take your point.

**MR HUNDLOE:** Yes, okay. Yes, look, I’m not - - - -

20 **MS CILENTO:** Yes.

**MR HUNDLOE:** In terms - so very briefly, aquaculture, one of my ex-students in PhD worked for a Tasmania mob, and she went down there and when I’ve been there, wonderful technology from Norway, but the

25 future of Australia - and this comes from my other research, and - on food production - that’s where my real interests are these days - is that Australia has got enormous potential in the Northern Territory where we don’t have the same issues as the Great Barrier Reef.

30 Notwithstanding that, there’s a company that’s looking for the Northern Territory, a massive increase in aquaculture, is producing prawns at Cardwell, that’s the reef. If you’ve got time, go up and have a look see.

**MS CILENTO:** Yes.

35 **MR HUNDLOE:** They’ve got no problems. But generally, you know, they’ve got a meet GBRMPA’s standards, but that’s - aquaculture is I think one of the things that we are going to do and do better, ever so - -

40 **MS CILENTO:** Just on - I mean, I’m interested - so I have to say, when we started off the inquiry, I was hoping to uncover a whole bunch of things. Because I looked at - if you look at what we produce - - -

**MR HUNDLOE:** Yes.

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**MS CILENTO:** And - so high value product, look at the markets we sell it to - - -

**MR HUNDLOE:** Yes.

5

**MS CILENTO:** Like, the starting presumption is, ah, we should be able to do more of this, and talk about, you know, a premium being attracted in overseas markets for the product that we produce. But then, the point about Queensland regulation aside, we sort of bumped into a series of obstacles which, you know, some people were saying yes, there are some locations that lend themselves, but not as many as people think, and so even in Tasmania they are already - to meet their growth aspirations they are already talking about having to go much further offshore.

10

15 They're confronted with the impact of warmer water, which is impacting the viability of their operations in some ways, or is a consideration for them.

**MR HUNDLOE:** This is the fish farming, is it? Sorry. Yes.

20

**MS CILENTO:** Yes, yes. And then when we looked at even northern WA or some of the Northern Territory and you think about the scale of production - and it's not so much the infrastructure around the facilities themselves, but actually then getting them - getting the product anywhere, it's quite substantial infrastructure needs, and the guy - I forgot who we talked to in WA, but the sorts of investment that they were looking to require from government just in the form of building the types of roads that would be able to transport what they needed for production and then the product itself, was quite significant.

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**MR HUNDLOE:** I think you're right. I mean, it's the Ord River. If you know the old Ord River story?

**MS CILENTO:** Yes.

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**MR HUNDLOE:** Notwithstanding that, our most - Queensland's most successful fishery is a prawn fishery, and we ship product out of the gulf. We also take product to Townsville and into Darwin.

40

In terms of, you know, what - back to the science and our fishery, we run a vast number of species, more species - you know, the other country I know well because I went to school there was Norway, two or three lot of fish of one sort, and there's - your answer as to why it is is absolutely correct. We do very good with rock lobster, prawns, live coral, trout, you name it. We can't - and because I'm sort of getting old these days, when I

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started in this business we had 1,700 trawlers, prawn trawlers.

5 We have an open access common property problem. The gulf fishery, our most - Australia's most productive after rock lobster, Western Rock Lobster, wild capture fishery had 292 endorsements, 264 active boats, most of them subsidised to 25 per cent on the bounty scheme - I blame the fishermen for that one - and roughly one third were profitable and - I helped restructure that fishery. There's now 50 boats operating there.

10 **MS CILENTO:** Yes.

**MR HUNDLOE:** So you know, we've got a typical common property open access problem, which we've slowly resolved, ever so slowly, but in terms of fish farming, yes, it's an interesting one. If you look at in 15 Scotland and Norway and those countries, we can do more, and we do more, in those cold climates.

20 So the task - there's a lot of cold water from Tassie south. I don't know what they're really worried about.

**MS CILENTO:** I think they're - I mean, I think part of the problem is that - actually getting out there and feeding.

25 **MR HUNDLOE:** Well, they do - they - look - - -

**MS CILENTO:** And the infrastructure with the seas south.

**MR HUNDLOE:** Well, the real issue is that they ought to go to the North Sea and where they - we - you know, the Norwegian build oil - - - 30

**MS CILENTO:** So Tor, come on, put it on the record, Australian fishermen are soft, that's what you're saying?

35 **MR HUNDLOE:** Yes, that's what I'm saying. That's what I'm saying.

**MS CILENTO:** Australian fish farmers are soft, right?

**MR HUNDLOE:** Yes, compared to my ancestors they are. But look - - -

40 **MS CILENTO:** They can do it in the North Sea, that's what I've written down.

45 **MR HUNDLOE:** Yes, yes. The - and I will - one further issue, the ITQ one, now, look, as an economist, I've - and you'll read some of my stuff which supports ITQs, but the history is that unless you've got a very

stable and know you've got a stable, you know, sustainable catch, you're not jumping around all over the place, that it is a problem.

5 The ITQ thing's a bit like, you know, as you would know, the cap and trade or carbon tax, and - - -

**MS CILENTO:** Yes.

10 **MR HUNDLOE:** - - - by and large I think that other than the ones that we have quota for, it's going to be just too difficult. The - and it's only difficult in the sense of getting the science right, the economics, and I - one of my mentors, well past, Jim Cushfield, he was the pioneer of fisheries economics (indistinct), he said, "Look - you know, if you start looking for dynamic MEY, forget about it, you know. The amount of effort you're going to put into it and try to" - - -

15 **MS CILENTO:** Yes. So we are looking at this a little bit further, and we don't - we're not trying to dismiss those challenges. We've had further feedback about suggesting that there are different ways in which you can actually adopt them in a more efficient and effective way which makes them applicable in a broader sense.

20 But I'm guess I'm interested, Tor, in your - you know, we formed the view, which I think most people would agree with, that input controls are less than ideal. They haven't contributed to - and haven't allowed fishermen to improve their own productivity. We heard others today talking about the undesirability of controlling the means and methods of fishing, and so if you're not - and there's this whole problem, that if you don't control the number of people actually fishing then the input controls doesn't help you.

30 So then it's like, well, if it's - if not that then what?

35 **MR HUNDLOE:** Well, yes, good point. The input controls haven't been a complete impediment to technological advancements. A lot of the interesting things, particularly electronics, with fish - or turtle exclusion devices, things like that, have actually happened - - -

40 **MS CILENTO:** Yes, yes.

45 **MR HUNDLOE:** - - - within that framework. Look, I'm no - the fact that Australia's one of the leading countries - we were the first country to go to ITQs for Southern Bluefin Tuna. The fact that so many other countries find it difficult - and it's partly political, it's partly so many challenges, but look, I'll leave that with you. I'm not going to argue.



**MS CILENTO:** Yes.

**MR HUNDLOE:** I don't think - - -

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**MS CILENTO:** Well, because it's not trying to sort of nitpick over it, it's actually a bit of an open question. If it's too difficult, is there - are there ways that we can - is there something else - are there ways in which you use input controls that minimise the disincentives for innovation or whatever around that?

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**MR HUNDLOE:** Yes.

**MS CILENTO:** Is there greater - is there something that can be done that's a halfway house? I don't know. I'm just - I guess I'm just sort of saying, if you really think ITQs don't work, and you're wanting to move from the status quo for some obvious reasons, have you got any views on what that step might be? If you don't, that's fine, but if you do it would be great.

20

**MR HUNDLOE:** No, I'd suggest as a chap who should be here is one of my PhD students, Dr David Stirling, and David's a - he's got a PhD, he's an engineer, he's an economist, he's a fisherperson, and David is extremely - some of the technological advancements he's made within the framework of input controls - - -

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**MS CILENTO:** Yes.

**MR HUNDLOE:** You know, the number of nets you can - you know, the speed - all that sort of stuff. There are people like that. I mean, he's rather unique, but I'll see if I can get in touch with him and send - get him to send you a note or something, because - - -

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**MS CILENTO:** Yes, that would be very helpful.

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**MR HUNDLOE:** Because that - I can see - I can see the struggle. Look, the only major reason I came - and my colleague has got lots of important things to say - the one thing that I did - that really got me motivated was sharing - or this whole - and I'll make it as briefly as we can. Economists I think to a person would agree that there is a method, and you touch upon it, of valuing fish at the margin.

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Most of our disputes, the disputes that Margaret talked about before, not only in this state but right around the country, and I've worked for the Victorian Government, the South Australian Government, most of our

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disputes come about because there are people who have got loud voices and who roll out big, big numbers of what they spend on - you've seen the whole thing.

5       **MS CILENTO:** Yes, yes.

**MR HUNDLOE:** And I would hope, I would hope, that this time the Commission would have more luck than I did. I went down the route of recommending a license for recreational fishers in the states that didn't  
10       have it, and that was the end of me, just about. You got back a little - - -

**MS CILENTO:** No, it's funny. Everyone - there's lots of support for it. Not when we're recording. And you know, we've even had, yes, representative bodies sort of come out and say, "We think it's a good  
15       idea." In Western Australia, you know, they're strong advocates for it. I mean, the Western Australians have got a system, of course, where some of the revenue raised from the licensing goes back to the rec fishers.

**MR HUNDLOE:** Yes, yes.

20       **MS CILENTO:** And so, you know, not surprisingly they find that quite attractive.

**MR HUNDLOE:** Yes, yes. Well look - sorry.

25       **MS CILENTO:** Yes, well, see, I mean, I think - just on that, I mean, I think the two key things that we heard loud and clear was the need to get a better handle on rec fishing - - -

30       **MR HUNDLOE:** Yes.

**MS CILENTO:** And I think there should be self-interest for recreational fishers in that happening. If, you know, they feel often that their voices aren't heard, or that, you know, the value that they derive and all the rest  
35       of it isn't, you know, appropriately captured.

So that's the first thing, but the second - so that was a very clear message across a number of fronts.

40       **MR HUNDLOE:** Yes.

**MS CILENTO:** But the second one is - touches on your point, I think, about allocation, and allocation at the margin, is that, you know, there's not a high degree of confidence in many jurisdictions that all the things  
45       that need to be taken into account are being taken into account in a robust

way, and that there needs to be a process for that consultation, for thinking about value, which is economic, social and cultural value.

5 You can't always put a price on all of those things, but they need to be factored in. But also touching on some points that were made by a number of people about decisions that are made, and going back and examining the impact of those decisions, which I think underlies quite a few of Margaret's comments as well, where, you know, decisions are made, there's an assumption about what the impact is, and that's then just  
10 assumed that that's what happened.

**MR HUNDLOE:** Look, yes. The - I think you're probably - I think you did refer to my book for the FRDC called "My fish is worth more than your fish" or whatever. And that was - FRDC, by the way, in terms of  
15 science, I mean, probably is the best organisation to go to. And in that, I talk about the ways we can get those values. We did.

I've interviewed thousands of Victorian fishers, recreational fishers. We did give values on the margin. We put to them if you pay extra money, we'll use that money if we're going to buy out the commercial - you  
20 know, it's all there. It's on the record if you look for it. So it's - but what we are finding is that the recreational fishing participation is dropping quite dramatically from roughly about 20 - and I'll use Queensland. 23 per cent in 2000, of the population 5 and over, 17 per cent in 2004, 15 per  
25 cent in 2010, predicted to be 11 per cent in a few years' time.

Well, we've got that, and that's a dramatic change, and a whole range of things are happening, but the youngsters, particularly the second age, the youngsters who are playing with their electronics at the moment, have got  
30 far more things to do.

So that is something - - -

**MS CILENTO:** They're fishing virtually?  
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**MR HUNDLOE:** Yes. Yes, indeed, I like that. I mean, the opportunity in terms of the total allowable catch to re-allocate is there. It's looking us in the eye. And that's - and I don't say that as an advocate for any one type of fishing. I've got my own boat, I've got my crab pots, I'm a  
40 recreational fisherman.

But you know, as a scientist and as an economist, I see that staring me in the eye. So - you know, and the nonsense of how much you spend. Well, look, you know - no, I don't want to go there.  
45

**MS CILENTO:** No, no, that's all right.

**MR HUNDLOE:** The - - -

5 **MS CILENTO:** Suffice to say we're on the same page.

**MR HUNDLOE:** We are. Look, the - and the super trawler one, I mean, this is - I think you - what we can do about this, I don't know. I know the operator, I know him, I've dined with him, drunk with him. He used to be  
10 a - whatever it was - ABARES before ABARES, fisheries economist, I know him very well.

The disappointing thing in that regard was that the government - and I don't know how you do this, I mean, you know, the media, certain parts of  
15 the media, you know, played to the controversy. It was just an awful mess. I don't know a scientist who's said it was the wrong decision. Maybe if we had a good environmental minister, maybe if Robert Hill used to be on the record was still there we might have got the right decision, I don't know, but government - whatever government it was, it  
20 just fell over, and that's a real shame.

But we - one of - my new job in this food systems space is really about educating people about how we do get milk and fish and - you know, I think we've just fallen - we're not doing a good job. But I must stop and  
25 let my - the industry speak. I'm just a lowly old, you know, academic who sort of helps out now and again.

**MS CILENTO:** Eric.

30 **MR PEREZ:** Yes.

**MS CILENTO:** Please.

**MR PEREZ:** All right, sure. Thanks for allowing me to present on behalf of the Queensland Seafood Industry Association. I'm the current  
35 CEO of that organisation, and yes, look, what I've taken from the presentations today up until this point is that the layers of complexity and how you do good fisheries management, if this was easy we wouldn't be having these meetings, and we wouldn't have the views that have just  
40 been presented, so that's the obvious point, but I think it's missed by the community just how complicated this is.

And I think one of the two elephants in the room in terms of getting profitability back into the industry that I think were I think touched on in  
45 the report but missed for I think the reasons that they are missed, because

they're not directly about productivity, but are there staring us in the face, is the political interference in how we manage our fisheries on a state by state basis, and that varies year on year.

5 And the allocation processes that we have currently between commercial, recreational and - I'm not as au fait with the Indigenous component, but that and charter, they're the ones that are primary at least in the Queensland context.

10 So just talking about those for a second, in this state, and I think nationally, whether the politicians or even the Commission admit it or not, we work on political fisheries management. It's not straight fisheries management. In every sense and at every level of the game there are politics involved in how we do our business, and you were talking before  
15 to my colleague Helen Jenkins about why aquaculture hasn't expanded.

It's the Great Barrier Reef, it's the politics, it's the green groups, it's the NGOs. And they're the third tranche as to why we're not profitable into the future, because you said a few times that public sentiment is this, that,  
20 and the other. Well, WWF and other NGOs represent a special interest group in the community. They don't represent the whole community, and that's something again that's lost in the media, and recently the WWF came out with a campaign about saving the shark, and poor the shark numbers, and let's show some media to people about sharks swimming in  
25 the Great Barrier Reef near the coral beds, where we don't go commercially fishing, yet the assumption was made in that presentation that that's where we catch our shark.

And so the image that's left in the community is that we are doing the  
30 wrong thing and fishing in the wrong areas, yet that's not corrected by WWF at all and it's never corrected by the minister of the day because of the politics of the day, and the politics of the day are don't say anything anti-NGO or you're going to get burnt.

35 I'm here to tell you that we are sustainable. We do try and put best practice into effect. Yet we are measured by the standards of a small non-representative group that wants to go out and shout in the media. We have to live up to that standard, and so that's a massive disconnect that we have to do something about, but if you understand why our productivity is not  
40 what it is, it's because we've got politicians that fear the green vote, and that - depending on the political party of the day, and I won't go into that, some are more pro the green agenda and some are more against it, and I personally - and this is a view shared by my organisation as well, is that every group in a society has a right to talk about what better fisheries  
45 management is, but when you get to the nuts and bolts, what groups like

WWF don't have a right to do is be in the room and tell us how we manage that fishery, because we've got departments to do that.

5 So as an example, in Queensland, the public interest should be served - and I would assume is always being served - in terms of the fisheries resource by the Department of Agriculture, Department of Environment, Heritage and Protection, and the Department of Natural Parks and Great Barrier Reef.

10 If they're not doing their job in those rooms, WWF shouldn't be invited in there to be the arbiter of what the public wants, because they don't represent the whole public view, yet they're in that room and it's not how it should happen but that's how it does happen, and again because politics of the day.

15 From a federal perspective, you've got Department of Environment and Energy, you've got the Australian Fisheries Management Authority, the Australian Maritime Safety Authority and many others. These are the groups that should be protecting the public interest. Those departments to  
20 one degree or another abrogate their responsibility and give it to the green groups and says, "What do we need to do in this space?" That's not how any policy should be run, let alone how our fishery should be managed.

25 So if you're asking me as an industry rep why we're not profitable, everything that they've just talked about is real, but the politics of the day is the real lever as to whether we get things done. Perfect case example is aquaculture. If we were fair dinkum about growing aquaculture in this state we would have a lot bigger farms than we do right now, but because  
30 of the fear of the output from those farms into the Great Barrier Reef, well, we can't expand there, but we'll expand the hell out of land-based agriculture, which is having an even bigger effect on water quality than we would ever do, but that's just the way things are.

35 And another example about this, again, hard to get to the community, but the Commission needs to have an understanding of, is that the 2050 reef plan process that's been put in place, that initially wasn't - was trying to avoid some of the politics of the day, yet responding to UNESCO was one of the biggest political things we had to do, because if the reef had been declared stuff, our tourism sector, all sectors, would have been impacted.

40

**MS CILENTO:** Yes.

**MR PEREZ:** So we got to that point, we developed things up, and in  
45 terms of the impact to the marine ecology, at least from the Queensland perspective, and I guess nationally if you were going to extend this, that

ocean acidification, impacts of climate change, variable climate, increase of population on the coast, coastal development, port development, these are such big things that requires billions of dollars to fix to improve the quality of our water, and then somehow we throw fishing into the mix.

5

Like, what the hell? Who's making these comparisons, even on an economic basis? Our impact on the marine ecology is this. Impact that port development and ocean acidification is up here. Yet we are in that same room. And it's done again for politics of the day, that it's easy to kick us in the head and to score and get low-hanging fruit from attacking an industry extractive process like us and to some extent the recreational and maybe even Indigenous and charter, than it is to attack what the real problems are.

10

15 So with all due respect to the Commission, when you're talking about the finances of how these fisheries are run, get rid of that political layer first, and then we can start talking about how you get better fisheries management.

20

Politicians don't want to hear it, but I'm here to say that because I'm an advocate for my people, and I don't want people like Margaret and her family losing jobs because of the stupidity of introduction of things like net free zones.

25

The only reason that policy is in the 2050 reef plan is because a Labor Government got in and said, "We want that in there because we think it will help the environment of the GBR." Taking out nets from three areas is going to help that environment? There's no way known. No way known.

30

**MS CILENTO:** I really appreciate you making the observations. I think to be fair to the team, more than me - - -

**MR PEREZ:** Yes.

35

**MS CILENTO:** - - - both of those observations have been picked up in the report.

40

**MR PEREZ:** What - okay. And I'm not saying that they're not, all I'm saying is I've got a chance to elaborate on some of those, and - - -

**MS CILENTO:** Yes, no, no, no. That - - -

45

**MR PEREZ:** And in that process I guess the thing that Colin brought up, and I'm glad he was here to present, is science is not the king in terms of

managing our fisheries. It's been relegated to, "We'll use it if we bloody need it, but if we don't need it, we're relying on politics or who can scream the loudest."

5 I need this gentleman and that gentleman and other scientists to tell me what is better fisheries management. And someone sitting in George Street going, "Yes, we get a net free zone there and that will fix things up," that's not good fisheries management.

10 So that stuff aside, I think our Indigenous presenters made a really good point about what are we talking about values here, and this thing about Indigenous cultural value, I think there's also a value to the community that doesn't fish but relies on us to provide that product for them.

15 And if you look in Queensland, we're talking some raw numbers here, I think it's over 200 closures exist in this state already to commercial fishing activity, but recreations can fish in those closures and can also fish where we do our work as well.

20 And if you're talking about value back to the community in terms of what we extract, there's some disconnect there. I guess the other disconnect that we have found, and I think you've touched on it in the report, is getting fairness in how you do resource reallocation, or even allocation of the resource.

25 And I think we're in that game to do that properly, but everyone's take and assessment of what their impact in on the environment needs to be there, and I know we've got that in spades, and it could be done better for the commercial sector, but there's a sector there that just doesn't quite  
30 meet the mark yet. You know, a boat ramp survey doesn't quite cut it for me in terms of scientific rigour, and I think it would be difficult to get scientists to go on the record with this, but I think those boat ramp surveys aren't worth the paper they're written on.

35 But that's the environment that we've got. So probably the last thing to talk about is interaction with - it's called TEPs but we call it species of conservation interest.

**MS CILENTO:** Yes.

40

**MR PEREZ:** And I think it's the same terminology.

**MS CILENTO:** Threatened, endangered, protected - yes.

45 **MR PEREZ:** Yes. It's interesting again that the amount of interaction



with these things is measured by how much commercial interaction there is, but if some of the calls are for us to be more open and transparent about interactions that we do have, let's make that same level of accountability for the recreational sector, the Indigenous sector and the charter sector, as well as those 7,000 boat movements that go through the GBR every year that - how often are they interacting with whales, dugong, dolphins, that never get reported and no one ever hears about?

So if you're talking about looking after the environment, the amount of trips that our industry makes to go out and do its fishing every year pales in comparison to other uses of that waterway, yet where is their accountability in this process?

And it doesn't seem to be there, and I guess the connection there with profitability is we are barred from certain areas of activity because it's assumed that we're doing the wrong thing, when others that might be doing that - an activity on the water that could impact on these animals, their impact is unknown.

**MS CILENTO:** Yes.

**MR PEREZ:** Or unknowable, is what I would say. Yes, and the sustainability argument, industry has to own that space. We don't do that well. We're doing it better, but we need to have that discussion better with the Australian community, but that goes hand in hand with government coming out and calling the NGOs and other groups' bullshit in the media for what it is and they don't do it. They rely on us to do it, when it should be coming from them, because we are - what we're doing - what we have at the moment in terms of security of access is we have a licence to access the resource on behalf of a bigger community than those that claim they need that resource for their own exclusive use in terms of recreational fishing, which is - it's - the money is - God, I forget the terminology here. It's dispensable income, so they - disposable - - -

**MS CILENTO:** Yes.

**MR PEREZ:** Discretionary income, thank you. They don't have to recreationally fish if they don't want to, but they choose to, whereas with the commercial fishing sector, and again, the complexity of the supply chain, which in some regards (indistinct) Queensland current green paper process is that once you harvest the fish, it's not just there that you get value, it's in the retail, the wholesaler, when it goes through restaurants, fish and chip shops, and how that supply chain employs other people to provide them services.

5 And then the big missing link here is the link between the fish that we catch in the tourism experience of people coming to Australia. You would probably be aware of a report in 2012 that Tourism Australia brought out that in the top three reasons why people come to Australia is the wine experience as well as the food experience, and top of that food experience is to eat local seafood.

10 **MS CILENTO:** Look, I have to tell you, I experienced this - I came to appreciate this more in Hobart because there's a guy there running a charter business where they're targeting Chinese tourists, and they come in, they go out on the boat, they catch some seafood, they eat it, drink some Tassie wine, and they pay hundreds of dollars.

15 **MR PEREZ:** So you just reminded me there about the value of having country of origin labelling, and that why should restaurants - why should it be a voluntary thing? Why aren't they doing it now? We've had any number of examples have come in from the public and from our fishermen that say on a billboard you might say, "Fresh local wild-caught fish", and you find out that it's imported farm fish. No problem with import, it's  
20 part of the game that we play, and there's a mix of things that come into the market, but it's about letting the consumer make a choice.

25 And it's not about safety, it's not about the things that were in the report, it's about giving the consumer the choice, and if we're in agreement that the marine resource belongs to the community, then someone selling that fish to me, I should be able to say or know that if you tell me that that's wild caught fish I'd purchase that fish, but if you say, "Everything on my menu is farmed," I might choose to go somewhere else.

30 **MS CILENTO:** Yes. I mean, I think the voluntary versus mandatory is the issue that we would debate.

35 **MR PEREZ:** Sure, sure, sure. That would be it from me, unless you've got some questions?

**MS CILENTO:** No, no.

40 **MR HUNDLOE:** Commissioner, could I just add one thing? And this back to the allocation, and - my colleague alluded to the, you know - well, to the value added. Some of my early work was on input-output, and I know the Commission's view on input - well, it used to be, general economic modelling, but - and I don't support for one moment indicators - output multipliers, but the employment multipliers are interesting.

45 And when you look at - compare commercial and recreational fishing -

again, I'm telling - I suppose you all know this, but there's no initial employment in recreational fishing, there's no value added, so the multiplier is about two to one in favour, or put it in this way: if I stop a - sorry, a commercial fisher from fishing, and a certain unit of fish are lost, there is two jobs lost for every one that might be created if the recreational fisher takes up that fish.

**MS CILENTO:** Can I just ask - just on a technical question, is it valid to take into account the sort of tourism aspect of rec fishing? To the fact that I might - I live in Melbourne, I might go down the coast, stay a couple of nights, so I pay for the accommodation - - -

**MR HUNDLOE:** It's a - well, my view, and most economists would view that as a multi-purpose trip. We - I cut my teeth on some of the non-market valuation stuff a long, long time ago, and when we had those multi-purpose trips for us, going to the Barrier Reef or going fishing or - you know, we would segment those - the various activities and apportion those.

So if you're doing a - just a simple travel cost, the most simplest tool we could use, we'd divide it into, you know, how much was spent on having a nice restaurant meal, how much was spent on going to the rainforest, how much was spent on going to the Barrier Reef, rather than saying this person flies in from America, goes to Cairns, spends two - no, look, it's standard stuff, but this is where we've - the people who put out those big numbers fail. They lump it all together.

**MS CILENTO:** No, I don't - I mean, we've - - -

**MR HUNDLOE:** Not you, no, no.

**MS CILENTO:** No, no, no, no. I mean, we were quite - I think we're pretty - for the Productivity Commission, quite disparaging of those big number estimates, and I think - I'm looking at Matt. Matt probably hasn't read all these chapters. But we actually sort of ran the argument that said if that was a valid measure - and I was using this in some of the consultations.

I said, "If that's a valid measure, then if we whack on a licence, then the value of your fishing industry has gone up, so that should be fine."

**MR HUNDLOE:** I love it, I love it. The Commission's doing good work still.

**MS CILENTO:** Which they disagreed with. So there we go.

**MR HUNDLOE:** Yes, but that employment model's quite interesting.

**MS CILENTO:** Yes.

5

**MR HUNDLOE:** And it's the only work that's been done.

**MS CILENTO:** Yes. All right. I didn't have any question. I actually think, possibly not as strongly as you might like, I actually think we've tried to address some of the key points around where decisions should be made in particular, so I'm not - - -

10

**MR PEREZ:** No, no, and please understand that from an industry advocacy point of view we understand where your Commission's hands might be tied on some of this, and this has been a problem for a long time, but the biggest thing about getting a future for good commercial - not just commercial, for fisheries outcomes for all of the different stakeholder groups is to genuinely come to a table and say we need to know what the take is from each of the groups.

15

20

**MS CILENTO:** Yes.

**MR PEREZ:** We need to assess environmental impacts in an open and - as open and transparent way as we can. We should try and streamline legislation where we can to try and get maximum benefit. And it was interesting you said before about, what about the tourism aspect of rec fishing?

25

Well, what about the tourism aspect of the fish that goes into the tourism industry?

30

**MS CILENTO:** Yes, I know. I - - -

**MR PEREZ:** There's a balance there that I think is sometimes missed in when you value these different fisheries, are you comparing apples to apples or apples to oranges?

35

**MS CILENTO:** Yes.

**MR PEREZ:** And you know, I've heard it said sometimes that when a recreational fisher wakes up, when they breathe, they're adding to the value in the economy, whereas we don't take quite that view when we go out commercially fishing that everything we do adds some value economically, but - - -

40

45

**MS CILENTO:** Yes. The one - the only other point I'd make is that one of the observations that we do make in the draft report, which I think is maybe perhaps more important than people pick up on, is the need - so obviously we will always advocate for good decision-making processes. Proper consultation, influenced, you know, by science, all the rest of it, but the other point that we make, which is the one I think is perhaps missed a little bit, is the importance of making sure that there is a process for coming back and determining whether the outcome of that decision has been what was proposed, in the sense of does it meet the objectives for the decision in the first instance, and were the outcomes regarding some of the assumptions made on the way through proven to be valid assumption as well?

So in the - you know, if you're making a decision about we're going to close this area to commercial fishing for an environmental outcome, can you demonstrate that the environmental outcome has been achieved? So presumably that the environmental circumstances have been improved, yes or no. And can you demonstrate that the assumptions that you made about the impact on commercial fishing were as expected?

And I just don't want that point to get lost, because it's a discipline that comes - it's one thing to have discipline in the decision-making process, but I think it's very important to have discipline at the end point as well so that you are actually holding people to account for what's actually happened, and whether they have a process to circle back and take that into account for what they might do in the future as well.

And for an environment like the marine environment, which is not static, it's pretty important.

**MR HUNDLOE:** Can I add one thing? When the green science was being run out for the Great Barrier Reef, an economist - actually an economist - he's passed away, actually worked for the Commission, he was in the private sector, that he came up with an estimate of the cost, about \$10 million to compensate those fishers. It cost nearly a quarter of a billion.

I was pulled in later on and we did the - we went around the country. So that was a very good case in point of - you know, and I don't blame this poor chap for getting it wrong, but he did get it wrong, but it is a very good point that you are making Commissioner, about coming back and re-looking at, you know - it was a decision on environmental grounds, but the whole economic thing was completely askew. Yes.

**MS CILENTO:** So if you're advocating for what's important in the

report, don't lose sight of that. So there may be some things that you don't want to support, but I think there are some that - - -

**MR HUNDLOE:** I want to see a recreational licence come back.

5

**MS CILENTO:** I think that is all for today unless someone wants to say anything else?

10 **MS STEVENSON:** Just on that last point, the valuation, I think that's been very poorly done. It hasn't been done, I don't believe, in Queensland, and that's why we've had such a raft of constant change over 20 years, is we've - you know, we've had one suite of management approaches imposed, and then the next thing, we're facing another lot, and then we're facing another lot.

15

I mean, we became a - talking about, you know, the impacts on us as fishermen ourselves, I got that way, I was scared to check the letterbox. And - because it - and it still goes on, because you no sooner get one submission done then there's another two to be done, you know? It's just never ending.

20

And I mean, I couldn't do another job besides help my husband with the fishing because of the, I suppose, the level of effort I want to put in to the submissions to get our views across. But - and the time that it takes, you know? I'm just (indistinct) because of sitting at the computer for so long for 20 years writing - or trying to have input into the consultation processes, and then at times, like during our net free zone campaign last year, having a minister who wouldn't even speak with the fishermen in his own electorate that he was putting out of business.

25

30

And you know, that's the sort of impact that, you know, it's had. And I mean, for him, I've got the map there that shows the areas that he took. There was already other areas where those fishermen could fish (indistinct) recreational anglers could fish where there was no net, but he still insisted on taking the entire area that the net fishermen worked.

35

And you know, there was a big part of that that my husband fished. So on top of all of our other losses, now we've lost that as well, and it just - you know, when does it end?

40

**MS CILENTO:** Yes.

**MS STEVENSON:** There's a lot of depression out there.

45

**MS CILENTO:** Well, thank you for that, Margaret. So hearings are

adjourned until Friday, where they'll resume in Canberra. Thank you again for everyone.

5      **MATTER ADJOURNED AT 5.00 PM UNTIL  
FRIDAY, 14 OCTOBER 2016 AT 9.27 AM**



**Australian Government**  
**Productivity Commission**

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**PRODUCTIVITY COMMISSION**

**INQUIRY INTO MARINE FISHERIES AND AQUACULTURE**

**MS M CILENTO, Presiding Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**AT CANBERRA  
ON FRIDAY, 14 OCTOBER 2016 AT 9.27 AM**



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**MS CILENTO:** So because we do have a few guests, I'll work my way through all this. Apologies for a little bit of the formality. Thank you everyone for coming this morning to our public hearings for the Productivity Commission inquiry into marine fisheries and aquaculture following the release of our draft report in August.

I am Melinda Cilento. I'm the Commissioner overseeing the inquiry. Most of the people in the room know me. The purpose of the hearings is to facilitate public scrutiny of the Commission's work and of course to get feedback on the draft report. We've had hearings already in Brisbane earlier this week, and we'll be conducting further hearings next week in Fremantle, aiming to get a final report to government as per the terms of reference by December of this year.

That report will be made available - sorry, people will be automatically advised of the release of that report if they have expressed their interest. The report will go to government and will be released up to 25 parliamentary sitting days after the completion of the report.

We like to conduct most of these hearings in a fairly informal manner, but I do need to remind participants that a full transcript is being taken, so that means there's no comments from the floor, and obviously participants are not required to take an oath but should be truthful in their remarks.

Just today, because we're doing phone discussions, for those of you who are sitting here in Canberra, all of the mics above you are the mics that you'll be using, so if you could try not to make too much noise or rustle around or move papers or things like that, that will assist in an accurate transcript being taken.

For those of you here in Canberra, to comply with occupational health and safety legislation, in the unlikely event of an emergency requiring the evacuation of this building, you should follow the green exit signs to the nearest stairwell, which is out this way. Please don't use the lifts, and follow the instructions of the floor wardens at all times. If you believe that you would be unable to walk down the stairs it is important that you advise the wardens, who will make alternative arrangements for you. Otherwise be advised that the assembly point for the Commission in Canberra is the corner of Marcus Clarke and Rudd Streets, which is this way. Thank you.

I think that's all I need to do by way of introduction. I would like to acknowledge the traditional owners of the land on which we are meeting, and pay my respects to elders past and present. Then we'll start today's proceedings with Brian Jeffriess from the Australian Southern Bluefin

Tuna Association.

5 Brian, if you might like to introduce yourself and then begin by making a statement either in respect of your submission and views, or specifically in regard to the recommendations of the draft report?

10 **MR JEFFRIESS:** Thanks, Madam President. Well, I - it's a very, very good report. I think it puts the industry, government, other interests - identifies where we're at with fisheries and aquaculture management and will be a very, very good foundation for almost requiring people to make some decisions.

15 There are certain weaknesses in the Australian system, and one of those is the intergovernmental system doesn't really work at the speed it should, and this report identifies a whole range of areas where improvements can be made.

20 The real issue I first of all wanted to discuss today quickly is Southern Bluefin Tuna, and one of the reasons the government obviously gave this reference was to try and get some direction on what resource-sharing principles really should apply. Then I'll go onto a number of relatively minor issues which I think we have a basic disagreement with some of the draft recommendations.

25 The thing about resource sharing and Southern Bluefin Tuna is that this is a real-life example where governments have to make a decision in the next 12 months, basically, about a significant resources sharing issue which has been building up for some time, so it's not in the theoretical field, it really is a real-life example which is descending upon us.

30 ITQs, which is one of the foundations of the report, and government policy, the - really a product of a predecessor of the Productivity Commission - that is, the IAC. Bluefin Tuna in 1984 was the first in Australia to be ITQed and one of the first in the world.

35 An interesting example, it's an international fishery under AN RFMO, it's an Australian managed by AFMA for the wild catch and then again South Australian jurisdiction for the value adding component, that is, the farming, so it stretches right across the spectrum.

40 The next point is that ITQs and all the potential advantages of it identified by the IAC in 1984 have worked perfectly in SBT. The industry rationalised. The South Australian component of the industry moved from I think 60 per cent to over 90 per cent within a couple of years, and it's continued to rationalise internally. There's been no adjustment assistance,

45

and that's one of the government drivers for ITQs.

5 The quota was cut by 70 per cent in 1989 and again by 25 per cent in 2009, but the industry has never sought or received any adjustment assistance. There's been long period of very low prices, but again never sought or received adjustment assistance.

10 The reason for that is quite simple. We accept those things as normal business risks in the course of business. There's no way that the community or government should subsidise an industry which has been given the rights in perpetuity and exclusively.

15 That's a principle we hold and we've been very careful not to breach that principle over the last 30 years. The last point that did work is the industry, because of those perpetual rights, did invest in high value added product, and what we see in Australia now is a good example of that.

20 We're now stuck with the problem that the stock is recovering. The quota is being increased. But it's still only 40 per cent or less than 40 per cent of the original level. Another part of that recovery is quite a dramatic expansion of recreational fishing, particularly in Victoria, South Australia and Tasmania.

25 Now, as I say, it's a real-life example of what the Commission's report on resource-sharing identifies. The - our problem with the draft report on this issue is the report does a very good job of identifying a lot of parts of the pathway to resource sharing in Bluefin. The report identifies the legislation, identifies that there needs to be a national quota for recreational fishing, and identifies also how that might be done, i.e.  
30 through catch tagging or some type of voucher system or some equivalent.

35 But what it does not do is identify how you would apply the reallocation principles to this particular fishery. Now, I know that it's not necessarily the Commission's job in any of their industries they analyse to get down to this level of detail, but I think in this case to increase the credibility of the analysis it really needs to do that. The background to the current situation is clear. As I say, a lot of the issues have been identified by the Commission in the report, but how you will actually re-allocate the quota, et cetera, and the implications is not clear.

40 Just to finalise that, what we have in this industry is a perfect example of a collateral value of ITQs. That was the principles identified in 1984 by the IAC. What we have in Bluefin Tuna is we use the quota as almost the sole collateral for both capital borrowing, for operating borrowing,  
45 operating cost borrowing, and for currency hedging, which is a

requirement in an almost 100 per cent export industry which gets paid in a foreign currency.

5 The bottom line is that, you know, it all relies on the integrity of the catch shares. As soon as you breach those - that principle and you reallocate without some kind of - call it adjustment assistance, compensation, or whatever it may be, then the whole foundation of the ITQ system in this fishery is lost.

10 So the bottom line of all that is that the Commission needs to really outline where - how this might happen. We don't think it's really enough to just - to outline a pathway as far as they did.

15 Just three other quick issues, lesser issues, that is - what the Commission comments on is the rationalisation of the EPBC legislation, the way it's applied to fisheries. Number two is this recommendation on explicit mortality limits for TEP species. And thirdly, the question of the fish name standard.

20 So I'll comment on that if - but that's the end of my introduction, anyway.

**MS CILENTO:** Thank you, Brian, that's, I have to say, pretty helpful in terms of allowing me to focus a few questions if I could.

25 **MR JEFFRIESS:** Yes.

30 **MS CILENTO:** I guess one of the things that would be really useful for us just as a starting point to understand is you sort of - in your comments and your submission you sort of have talked a bit about how the industry has transitioned and the sorts of variability in catch and quota that it has managed through - you know, through a number of decades, really, as all part of the sort of normal course of business, and it would just be interesting to understand your thinking about how you see the recreational catch and the implications of that for quota in the context of those other  
35 sort of movements over time?

40 **MR JEFFRIESS:** Well, the recreational catch is identified by the government, and to some extent the original IEC was only about - was less than 20 tonnes in 1984. The initial commercial quota was 14,500 tonnes, and now as of last night, 6,000 tonnes, so yes, it's nearly 40 per cent. But the recreational catch in the last three years has expanded to a very substantial level where it's above the level of some of the members of the RFMO itself, and this is under constant scrutiny.

45 The issue of how it's happened, it happened almost programmed by the

original IEC recommendations, which are - when you look at it in historical retrospect were extraordinarily predictive, and as I said, it was the first in Australia, and was the first for a long time to be ITQed, and secondly, it was one of the first in the world and has proven a literature model ever since.

The normal course of business as we interpret it is you - even at the international level where the quota cuts have been largely a product of the Japanese over-catch which was identified in 2006 and led to major restructuring of the international fishery. So again, that type of thing, as external to our ability to control it as it was, was certainly the normal course of business, and you can imagine the extent to which it grates us sometimes where (indistinct) industries in Australia because there's price fluctuations or whatever it may be and you've over-invested, really cry for government assistance and sometimes receive it. That's the reality of everyday politics in Australia. That's up to those industries. But we've made a very deliberate policy over all those years.

Now, the people who did that original investment in 1984 and to a wave of investments in the 90s and then continued large-scale autonomous adjustment are really essentially the people who are now the last part of this generation, and there's generational change, but the principles remain the same.

I think it's hard for people to understand how much the - how successful the model's been in terms of going to the bank every day, borrowing. We have a six month grow-out. The industry's based on capturing about 300,000 fish a year, at 15 kilos each, bringing them into Port Lincoln, essentially, and growing them out. That requires, obviously, large-scale borrowing for catching the fish, the grow-out period for feed and staff, and the harvesting itself.

So again, the last point there has moved to high value added. That's been able to invest in those things. They're the business realities of - probably this is an extreme example of where it has worked down to perfection because of the value-added component, but if the reference is about improving the productivity and competitiveness, that ITQ as collateral is the foundation of that.

People are not going to be able to say to a bank, "We're going to borrow for a larger boat, a large pontoon off-shore," or whatever it may be in our case unless that collateral has real integrity and can withstand the kind of bank scrutiny that we get put under.

So that's how it works - - -

**MS CILENTO:** If I could just - just on that - - -

5 **MR JEFFRIESS:** I'm not saying the industry's going to collapse overnight, but if, for example, the reallocation - which is necessary, it has to take place to identify - or sorry, account for the recreational catch, but how it takes place is the issue.

10 **MS CILENTO:** Yes. If I could just - I think that's a really important point, and I'm interested in, you know, what you think the key aspects of the system are that enable that collateral to have the value that it does. I mean, is it the duration - is it the fact that the system has been in place for so long and it gives a degree of certainty that financial institutions can look to a track record of income and revenue flow, notwithstanding price  
15 fluctuation?

I mean, it is interesting sort of for us to understand a bit better what you think the specifics of the system are that have given it that credibility, if you like. And related to that, I wonder whether - you know, it's a well-  
20 informed sector, people know what's happening, whether or not the need to - you know, the growing rec catch, the need to deal with that has already been reflected at all in the appetite of financial institutions and what they're looking for by way of, you know, surety and security?

25 **MR JEFFRIESS:** All they care about - and banks are not on every industry they lend to obviously extremely well-informed. To some extent, it depends on whether you pay your interest bill that quarter. When they delve into "how is that sector going", there's to some extent a limited amount of information. So the way that they account for that is no  
30 different from the way they lend against - to buy a new house: what is your equity in it?

So banks will sometimes lend up to 60 per cent of the implied value of the asset, the quota, sometimes 30 per cent. We've had situations where  
35 they've loaned up to 70 or 80 per cent. Now, the inherent problem with ITQs is that value of the quota, what really is it? If there's marginal trading, is that marginal trades reflective of the true value of the 100 per cent of the quota?

40 They're the points that banks grapple with all the time and that we correspond with them on. The value of quota has gone from, say, \$300,000 a thousand statutory fishing rights back to now 60 or 70,000, and they're the kind of risks, business risks, that businesses take and banks have to respond to.  
45

5 But it's like how they value, Melinda, an agricultural asset. If you ask them how they value a wheat farm, they'll say maybe the average asset value over 10 to 15 years, without necessarily identifying whether a particular asset for fruit growing or something is going better, structurally, than an aquaculture asset or something like that.

10 So it's a complex mix of drivers that the banks have, but the one underlying certainty is that industries like this, because of the collateral, because of the value adding, significantly rely on that. Now, the final question of whether the current controversy or impending controversy over reallocation within this sector to the recreational - to cover the recreational catch is - no, the answer is that that hasn't really come on their radar yet.

15 People can see in the newspaper every day about the catches that - particularly in Victoria, but the actual impact on potential reallocation really hasn't - you know, isn't in their mind as yet. Because the industry, although it's marginally profitable at the moment, is very low prices for longer. Everyone is, because we've saved through the good times, are  
20 able to cover their commitments to the bank and able to raise enough equity to be able to borrow for operating capital, the hedging each year.

25 But when you think about it, Australia made the commitment again yesterday to start covering this recreational catch by December 2017 for the 1980 - sorry, the 2018 season. So it's right on us, and you know, will become obviously a significant issue with government and the lenders, you might say, if it runs on.

30 **MS CILENTO:** Yes. The reason for the question, Brian, was to try and - it sort of feeds back to this fundamental point I think that you've raised, which is really what do you think the most important - what principles should apply in the reallocation that - to enable the value of that quota to be retained or for there to be some certainty about it so that, you know, the collateral aspect of it is not undermined unnecessarily?

35 **MR JEFFRIESS:** The actual acquisition of the quota or the reallocation really has to be under the normal commercial principles, and the - you know, the quasi-property status that ITQs have. There's no other substitute for that.

40 Now, what is the channel for that? I think the draft report's done a good job raising the issues of recreational organisations being the channel, the holder of the holdings, that type of thing. That's fairly innovative stuff, and we've tried to convince the key recreational association to enter that  
45 sphere, and for example become the distributor of the catch tags or



vouchers or whatever it may be.

5 Their response to that is responsible but fairly predictable. They don't want to be the ones who tell people the tags have run out for that year or whatever it may be. That's something that really needs to be identified. Now, government - obviously government in this case to some extent has to probably be the funder of the acquisition of that quota. You can play with the legislation, you can actually politically finesse things, but at the end of the day if there's anything else but a normal course of business  
10 purchase of that quota or leasing or whatever it may be to cover that recreational catch then the whole - well, the large part of the collateral value will be undermined, and with, you know, the kind of consequences you would normally get if a whole town goes broke, so to speak.

15 **MS CILENTO:** And you - so just on that last point you made, I mean, you talked about acquisition of quota or the leasing of quota. I mean, do you have a view about what the right mechanism would be to achieve the outcomes that you're after?

20 **MR JEFFRIESS:** I think the first - there's two things need to run in parallel, and the draft report does quite a good job of outlining some of that. First of all is the level of the catch really depends on the bag limits and the boat limits, possession limits, et cetera, and they're identified for each state in the report.

25 Now, what we will be asking in our written submission is to ask the Commission to comment on those. For example, the average size of fish caught recreationally is about between 15 kilo and 150 kilos, and that's identified in the report. Now, whatever is the target and driver of  
30 recreational catch, whether it be for personal consumption or sports fishing or whatever it may be, fish of, say, averaging even 15 kilo is not for personal consumption, and a significant majority of it will be thrown away because you can't - unless you're holding it at super-low temperatures, which is not done in Australia, then that fish is wasted after  
35 two or three days. It goes off.

So the actual bag limits need to be rationalised severely. New South Wales has done it. Victoria, South Australia and Tasmania need to reduce the bag limit, daily bag limit, from two to one, so that would put a reality  
40 check on what exactly the total catch needs to be.

The second step or parallel step to that is to - the government has instituted this system. The draft report describes, well, the Commonwealth has ultimate control over recreational cash and  
45 commercial catch. The Commonwealth has seen clear not to participate in

that emerging higher catch. It's really, without sticking it too much on the government, this is their decision, this is their responsibility, and how they choose to fund it and then ongoing service it is something that only they know.

5

The last point here is about - there's a very good summary in the draft report about how you value particular sectors, the recreational sector. For example, the travel method and other methods when you combine them, if, as identified in the Ernst & Young report for Victoria, if the recreational value of, say, a 15 kilo Southern Bluefin Tuna is \$150 to \$300 per fish, then it identifies exactly what could be paid for having a tag or voucher and the right to catch it.

10

So then how it's funded, it can only be funded, to my mind, by government, and secondly the ongoing servicing of that asset and responsibility and - really should be paid through that tag system. So they're the practical realities of it. Not necessarily what people want to hear and governments want to hear, but they are first of all the principles of it, and secondly the realities of it.

20

**MS CILENTO:** Yes. I guess - that all makes sense. I guess I'm just trying to understand what sort of compensation existing quota holders might be looking for.

25

**MR JEFFRIESS:** Well, we're already having those conversations, and obviously there's - the government has a number of options. So that's what we're exploring. I mean, the way it's put in the draft report is that discussions need to take place between the recreational, commercial and government sectors, and that's exactly what is happening.

30

And there's certainly no outcomes of those. As I said, the actual discussions we were having with the recreational sector have really been civilised, and productive to some extent, but at this stage recreational organisations are not really in a position to administer or organise funding or whatever it may be.

35

That's the reality of that. So it's really left with government. Now, we're having those discussions with government, and obviously they're looking at their options. But as I said, the timescale for doing this, Australia has formally committed to start to cover whatever the recreational catch may be in the next three or four years from December 2017, so it's not very far away.

40

**MS CILENTO:** Okay. You did mention a couple of other issues. EPBC. Why don't we just have a quick chat about that, if that's all right?

45

One of the things we were interested in is trying to get as much evidence as possible of where there are inefficiencies within the current processes and how they might be streamlined. Any views you have on that and examples around that would be quite useful for us.

5

**MR JEFFRIESS:** Right. Well, the first one, as I said, the comments in the draft report on the rationalising of the EPBC Act, it's not a big financial cost of having this parallel AFMA and Department of Environment processes, and Department of Environment have been, I think, very responsible over a lot of years in terms of - and very consistent in the way they've administered their part of that, but the fact is that first of all it's a duplicative process, and secondly it exposes the industry to the triple jeopardy of a number of different parts of the EPBC Act and at the same time satisfying the AFMA legislation, the ESD requirements.

15

You can imagine, for example, we harvest 90 per cent of our product annually in July-August. Our WTO or export permits expired in mid-July this year. Now, people can say to us, well, it was almost certain they'd be renewed. Well, they haven't been. The actual - the decision has been postponed for - until mid-October, and probably mid-November.

20

Now, if you're sitting in a big industry with well over a thousand families in a regional centre dependent on the industry and its continuity and the harvest it's just not a situation that's reasonable.

25

The point made in the draft report is wrong, that because the AFMA and the industry liaise on the management plan itself that this somehow creates a conflict of interest of AFMA, and the examples of NOPSEMA are given. I could give also the example of the Fair Work Ombudsman and the Fair Work Australia. They're similar ones, and I'll do that in some detail in the draft report.

30

But the current situation is - while it's not expensive, in fact it's cheaper for us to have Department of Environment doing it, because it's not cost recovered, but there's no walking away from the fact that it does - is duplicative and creates that triple jeopardy.

35

We don't see that this problem that the draft report identifies in other cases, for example for Tasmania aquaculture development, of conflict of interest between both being the policy maker and the regulator really can't be solved by much simpler ways as it is in Tasmania, for example, with the aquaculture lease expansion by an independent - in that case independent report on whether the - what the implications are for that expansion.

40

45

5 So we'll go into some detail of that and give you analogies in the written answer. The second issue of the explicit mortality limits is a major problem that we face every day, and it's not a Bluefin Tuna problem. We don't have by-catch. That's not an issue that is a problem for us at all, but we've thought a lot about it and participate in a lot of fora. It's not - to have explicit mortality limits, first of all they can be exceeded just by accident. Secondly, it could, if rigidly enforced, and it would need to be, stop a whole fishery overnight in mid-season or whatever it may be. It's not really the way to do it.

10 The way to do it is what's raised in the draft report, is individual accountability, and that's what happening, so people can identify that an individual boat is not operating in an eco-friendly way, action can be taken against that individual boat without stopping the whole industry. And again, there's plenty of analogies within the public sector, in AMSA, with safety management systems for each boat, that type of thing.

**MS CILENTO:** Can I just follow on - - -

20 **MR JEFFRIESS:** Third thing is - - -

**MS CILENTO:** Sorry, can I just follow up on that, Brian, just before you - I think - - -

25 **MR JEFFRIESS:** Yes?

30 **MS CILENTO:** One of the things that we were trying to address there is - you know, we had a lot of people say that there's basically just - you know, any interaction is not acceptable, and we're trying to strike a balance between recognising that interactions are difficult to avoid, there is a cost associated with doing that, but at the moment it seems to be any interaction at all is something to be avoided.

35 And we were just trying to get to what the best outcome is in recognising and incentivising the right behaviours, as you said, from individual boats and the like, and getting to a better balance of risk and reward, if I can put it that way. So that was the intent.

40 And so if it's not what we've proposed, is there a way in which we can better incentivise individual accountability in a cost effective way and monitor for that and all the rest of it?

45 **MR JEFFRIESS:** That's the key question. I think that's happening anyway by cultural change, but there are obviously instances where it's not. But second, it's individual boat accountability. I always thought that

was an idle dream, but it's really happening in everyday practice in, for example, the two fisheries which have on-board cameras. So that - on every boat, rather than 10 per cent physical observer coverage by human beings.

5

And that system is actually working. Now, it's not necessarily applicable for every fishery, but it can cover a significant number of them, so that individual boat accountability and forced improvement programs, et cetera. And the Commission to some extent has identified that by mitigation measures. Need to be - the industry needs to adopt those, and is adopting them, et cetera.

10  
15 Because one of the drivers there which is the substance of your question, one of the drivers there is really industry associations. For example, the Northern Prawn Industry Association is very successful in monitoring and reporting to government. That kind of co-management is being successful. So it's an aggregate of different things that are working, but it's certainly happening out there without these explicit mortality limits except on, for example, the Geelong Star is a difficult issue for  
20 government. Now, the issue of them only being one dolphin mortality would lead to exclusions from major fishing - large fishing areas. It's really a good example of where this is not realistic.

25 And where interactions are inevitable, totally accidental, quite - very, very, very small scale, but it leads to the shut down, virtually, of major operations. Now, whatever one's view of the Geelong Star and large scale capacity trawlers, that's not good fisheries management, and that's clearly identified in the vast report. We just don't think explicit mortality limits industry wide are the solution to it, and we'll go into some detail about  
30 that.

**MS CILENTO:** I think what would be helpful is, if you can, is - I think we're actually on the same page in terms of what we're trying to achieve, and the way we've sort of talked about it is trying to get to a better  
35 understanding of what the sort of "as low as reasonably practicable" is, so that there is inherent risk, and how you manage that in a balanced and cost-effective way from everyone's perspective.

40 So if you've got - if it's not - if you don't think it's this, and some views on how we could achieve it, and particularly if you've got examples of where industry associations are playing a constructive role in achieving a better outcome, that would be very helpful for us.

45 **MR JEFFRIESS:** Okay, thanks. The third thing is this Australian fish name standard, which the Commission's done a very good concise job on

analysing the COOL issue, the country of origin, and things like an Australian fish name standard.

5 I understand the issue, and more red tape or whatever it may be, but the problem with the - not - the standard not being compulsory is what is an option for anyone to resolve the false description that is so common in, you know, consumer circles and sometimes in industry - or the catching industry itself.

10 We have had real-life experience of this, for example, where the mis-naming of Longtail Tuna was called by various companies as Northern Bluefin Tuna. Now, when you look at the options or alternatives to having a compulsory standard, they really to go - the only option is to go to the ACCC. Now, that's a very tortuous process. It's not a good use of  
15 the ACCC's time. We might have won that particular battle, because the mislabelling was so clear cut, but for normal associations and individuals to do that is a big call and not a good use of public funds, I don't think, through the ACCC.

20 So the standard, a compulsory fish names standard by experts - and most of these things are pretty clear cut. You know, you can tell by the look of a fish what it is, what its description - its scientific name should be. Can only be achieved - well, most cost effectively achieved through a compulsory standard against the alternative of ACCC action or whatever  
25 it may be.

So it's really a comparison. How do you achieve the outcome most cost effectively and not wasting the time of a very important organisation like ACCC? So the standard does address that issue, and I don't see any other  
30 alternative but to make it compulsory.

**MS CILENTO:** Just on that, if you've got information about the process with the ACCC and what that entailed, that would be useful for us also.

35 **MR JEFFRIESS:** Okay, thanks. So that was all I had, Melinda. There's a lot - I mean, it's a very, very good report. I think when people refer to it as a very good reference document, probably within the Commission, well, what's the point of spending all this time and money on a reference document?  
40

But I think what it does is, for example, very clearly identifies the cost of regulation. As one example, the 14 per cent in Australia average and 7 per cent in New Zealand, albeit with different federal structures or whatever it may be, but for example - and it refers to the Australian Marine Managers  
45 Forum, which has really, up until now, been - hasn't really achieved what

it might have achieved given the level at which it operates, et cetera, and the need for more cost-effective national management. Not national management, but better coordination between the current jurisdictions.

5 You know, it's a very important coordination - well, data coordination, standards coordination, document which people just can't ignore. Because people can say, wherever they're coming at it from, this is the reality of what it's costing. There's plenty of case studies in the draft report about how to do it better. It's not something people can walk away and say, well - or just ignore.

15 **MS CILENTO:** Well, thank you very much for that. I'm sure the team that's worked long and hard on it will appreciate that feedback. And thank you for your time, and I look forward to receiving your submission and reflecting a bit further on some of the issues you've raised.

**MR JEFFRIESS:** Okay. Thanks, Melinda.

20 **MS CILENTO:** Thanks for that.

**MR JEFFRIESS:** Bye.

**MS CILENTO:** Bye.

25 **MS CILENTO:** Hi Tristan, it's Melinda speaking.

**MR SLOAN:** Hi, Melissa.

30 **MS CILENTO:** How are you?

**MR SLOAN:** Pretty good for a Friday morning.

35 **MS CILENTO:** Well, thank you for joining us. We've obviously released our draft report, and happy to take your comments either on that or any more general observations you'd like to make about the work we're doing.

40 **MR SLOAN:** Yes, look, the overall report from the perspective of the Amateur Fishermen's Association was received to us. Certainly, you know, the acknowledgement that recreational fishing effort is a large contributing factor to the use of fisheries resource, and there needs to be greater management and recognition around that. So that was - that was certainly welcome.

45 We did have somewhat of an issue with the recommendation for

recreational fishing licences. I'm not sure if you know the history of the Northern Territory when it comes to fishing licences. It's become a very political issue over the last couple of years. I suppose the main reason around it, the NT tourism economy is so heavily dependent on recreational fishing. It's a \$100 million economy, right after oil and gas, which is the biggest one.

We have, I suppose, a relatively small population in relation to the rest of Australia. I mean, the Territory's population is only about 225,000, and in our last survey, which was 2011, we registered 40,000 people classifying recreational fishing as their prime recreational activity. So certainly a very large user group for Northern Territory fishermen.

**MS CILENTO:** Do you know - just - sorry, go on?

**MR SLOAN:** No, you go, yep.

**MS CILENTO:** I guess the interesting issue for us is just to try to understand a little bit more what their specific objections are in terms of, you know, whether it's the administrative burden of the licensing system, or if it's the concerns you'd have around what licensing fee might apply, and I guess that's against the backdrop of really us wanting to advocate for licensing not so much as a revenue raiser - not as a revenue raiser but as a means of trying to get additional information around recreational fishing activity so that it can better be incorporated into fisheries management.

So I guess the three questions I have are, you know, is it the administrative issue, is it the licensing costs, and if not a licence, do you have any ideas about how we might better inform fisheries management of recreational take and priorities?

**MR SLOAN:** Look, it certainly isn't the cost. I can clarify that straight away. I mean, if you look at a yearly licence in New South Wales - and I was a recreational fisherman in New South Wales for many years - I think it was \$25 for a year, and most fishermen, especially boat based fishermen up in the Northern Territory, would probably spend in excess of \$100 per day to go fishing. That's per day.

So \$25 a year isn't a burden for the average recreational fisherman. As I said before, if you look at our statistics, we have 40,000 recreational fishermen in the Northern territory at \$25 per year, that only works out to a million dollars, so there's really no revenue in it for Northern Territory fishermen.



(indistinct) boat ramp up here to build costs about \$6.5 million, so there's - it certainly isn't - well, we certainly don't see it as a revenue raising opportunity. We do agree there would be some, I suppose, scope for research regarding it, but probably one of the major points I made, with the Northern Territory's extremely large Indigenous population, and it's got the biggest population of, you know, Indigenous and traditional owners in any state or territory in Australia, it may skew the research results quite significantly.

You know, we look at, say, a town like Katherine in the Northern Territory, which up to a third of the population including the town camps are Indigenous, and a lot of these people, in fact all Indigenous people in the Northern Territory, have the customary right to fish as a cultural activity.

So what you're really looking - and I'll just use Katherine as an example as well. If you were to bring in a recreational fishing licence, you looked at the Katherine River, statistically you'd only get two thirds of the actual research on recreational fishing applicable, and that's counting adults only as recreational fisherman, because similar to other licensing systems in other states, children under the age of 16 are excluded and obviously pensioners are excluded as well on the licensing system.

So what we're really like to see if a licence was introduced for the Northern Territory is a licence that covers all recreational fishing effort, exclusive of age or Indigenous heritage. We're not saying you would need to charge Indigenous for a licence. We'd certainly have to respect their cultural rights to fish. But there would need to be some way of accurately capturing all the effort for recreational fishing to make some management decisions and inform any future science.

If we didn't do that, really, you know, as my background as a fishery scientist, I don't think there's any real research of management implications could be drawn out of it, unless we capture the whole of the recreational fishing effort.

**MS CILENTO:** Yes. I mean, I think - I think we're on the same page, in that we've identified the need for both more information around recreational fishing as well as Indigenous and cultural fishing activity, and there's no doubt that in the Northern Territory the latter is very significant.

So if - I mean, if we - if the licensing - if a recreational licence is introduced in conjunction with efforts to better understand Indigenous catch and take, are you saying that you would be supportive of that?

**MR SLOAN:** We would be, bearing in mind there are significant roadblocks for that, really, really big roadblocks. I mean, the Northern Territory government struggles with driver's licences, it struggles with car registrations. We don't have boat registration, nor do we have boat  
5 licences either, one against recognising the huge amount of our Indigenous population and the difficulty in policing and managing that.

To put your idea into perspective, there's 15 water police for the whole of the Northern Territory. 15. And at any one time, only eight of those are  
10 actually operational. The others might have been having time off, they might be second to other duties, they might be mentally unwell for duty, or, well, physically unwell, in many cases.

To effectively administer, manage and regulate a licence system, as I said,  
15 the Northern Territory can't even do it with car licences or car registration today. They haven't even - they will never - to this stage will never attempt to do boat licences or boat registration, once again because they recognise there isn't a financial contribution for it, and the management and administration is almost impossible.

20 So while we are supportive, there's some really, really big questions around whether it will be economically feasible, and whether they'll be able to - if the Territory was to govern or administer a licence system on behalf of the Commonwealth, as was suggested, whether it would be  
25 actually feasible, and whether the results and the research that came out of it would be applicable and be able to be used.

**MS CILENTO:** Do you have - thank you for those comments. Do you  
30 have a view on how a licensing system might best work for tourists?

**MR SLOAN:** Well, that's - I mean, it depends. If they fish by themselves, obviously we look at a similar operation to what they have in southern states where you can go to your local tackle shop or a servo or even, you know, motels as well that sell - sell three, five, seven days  
35 licences.

It's different to actually use the service of a fishing guide. So there's 96  
40 fishing guides currently operate to run a business. Sorry, let me rephrase that. There's 96 tour fishing operating licences in the Northern Territory, with often multiple fishing guides working under that one licence.

They would, I would assume, incorporate any recreational fishing licence fees into their fee structure, similar to what they do when they, say, operate in Katherine National Park, so you would pay \$300 to employ the  
45 service of a fishing guide for half a day, and then they would add the cost

of entering to Kakadu National Park on top of that service charge.

5       **MS CILENTO:** Okay. And if it's not - if we go back to the sort of original intent of licensing, which is to try and get a better handle on what activity is taking place, if it's not a licensing regime, what do you think the best alternatives are?

10       **MR SLOAN:** That's an excellent question, and obviously we tossed it around our committee, and you know, we've got 6,500 members and we've struggled with this for the last four or five years. Because we recognise there is a need for more research. There is a need to capture data in the recreational fishing population, how much fish they catch, the economic contributions to the community, the impact on the Territory lifestyle, and so far we've drawn a blank. And so have the last three  
15       successive Northern Territory governments as well. And I'm not sure whether the current one has had an epiphany on how to best do it either, but it certainly has been a heavily debated issue for many, many years with no obvious solution at this stage.

20       The only solution that has been touted as possibly reasonably successful is incorporating some type of, you know, fishing licence with a boat licence. So right now you don't need a licence to operate a power boat in the Northern Territory. There's no speed limits. There's no blood alcohol limits. Basically anyone at any stage of a day or night can hop in a boat  
25       without any qualifications and drive it.

30       The government has deemed - I suppose this government, the previous government, has a very "softly, softly" approach towards boat licensing, because they've had political kickback in the past, but more and more the idea is gaining traction with the general recreational fishing community.

35       What we would simply do, and this is, as I said, an idea that's slowly warming up, is the fixed boat licences to trailer registration. So while you're not required to register your boat or have a boat licence in the northern territory, you are obviously required to have a trailer registration, the assumption being that a boat would sit on the trailer, and then you would attach some type of fishing licence to the actual boat.

40       The reason behind this is there's a very, very, very minimal amount of land-based fishing that goes on in the Northern Territory. The vast majority of it is boat-based, the reason being we have such huge tidal movements. You're looking at eight metres plus. You always have the presence of crocodiles. You know, the threat of crocodile attack is very real. Every year on average three fishermen get killed by crocodiles in the  
45       Northern Territory, predominantly standing on the bank, and also you've

got obviously access as well. Northern Territory parks, and the small CBD area around Darwin and Palmerston is very remote and very hard to access, and when you do put boats in the water you are fishing boat based. It's not off the land.

5

**MS CILENTO:** Yes.

**MR SLOAN:** So what we have tossed up, and we've seen a bit of warmth from the general public and from various political parties, is the prospects of a boat licence. If you were to somehow capture recreational fishing effort, we would allocate a recreational licence per boat.

10

This has been recognised by NT Fisheries. All the fishing surveys they do, recreational fishing surveys, none of them specifically target land-based fishermen. They're all done at boat ramps, because they recognise that 90 plus per cent of fishing effort in the Northern Territory is boat-based.

15

**MS CILENTO:** How many boat ramps do you have in the NT?

20

**MR SLOAN:** That's a real - well, official boat ramps? We have - because that's a really - a boat ramp up here is defined as somewhere you can put your boat in the water, which can be a very broad definition.

25

**MS CILENTO:** So you can't get your eight fisheries manager guys to go out there and start surveying boat ramps?

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35

40

**MR SLOAN:** You can in the more populated areas, so major townships, the bitumen roads and designated concrete ramps you can. I mean, you're looking at Darwin, Palmerston, Katherine, Groote Eylandt, Nhulunbuy, those type of areas, have actually good designated boat ramps. As I mentioned before, there is a high cost in building a boat ramp. You're looking at on average \$6.5 million. Unlike in southern states, we have a huge tidal movement, 8 metres plus, so you really need to almost quadruple the cost of boat ramps, you know? Say on the south coast of New South Wales, a big tide, a full moon tide, is two metres. So the cost for a Northern Territory boat ramp is four times that of what you would find in the southern states, and then you have to put stuff in such as crocodile prevention barriers, disposal bins so people don't dump their fish carcasses in the water to attract crocodiles, enough lighting that it's safe to launch a boat without being attacked by a crocodile, et cetera, et cetera. The costs really mount up.

45

In the greater Darwin zone, off the top of my head we've got 12 boat ramps, designated concrete boat ramps with secure parking, adequate

lighting and pontoons for launching and retrieving your boat. Outside of that, I would hate to take a guess.

**MS CILENTO:** Yes. Do you survey your members at all?

5

**MR SLOAN:** We do. Yes, we do an annual survey before our AGM, and we basically run on - I suppose we survey based on past projects. So every annual general meeting we will propose half a dozen projects as part of our strategic plan, split into short-term, long-term, and extremely long-term, normally election cycle, which is four years, and then prior to the  
10 AGM we survey our members to see what their thoughts are and whether they have recognised any additional work we need to be doing to accurately represent recreational fishing.

15 In saying that, that's why I can confidently say to you, look, the public sentiment around recreational fishing licences is slowly changing in the Territory, certainly in the last 12 years, predominantly driven by people who've moved to the Northern Territory for work or for the lifestyle, where they come from southern states where recreational fishing licences  
20 are already in place and they can see the benefits.

**MS CILENTO:** All right. I didn't have any other questions. Did you have anything else that you wanted to raise with us?

25 **MR SLOAN:** No, that was it. I only had a couple of very short, very brief points. Just to put the Northern Territory, I suppose, into perspective in comparison to the other states, we really have a unique situation up here, and that, as I said, may influence the recommendation of that productivity report into research.

30

We recognise and we're certainly supportive of the majority of the report, and we certainly recognise that there is need for more research, and we welcome that. The actual structure or how we go about it, as I said, is certainly a complex problem in the Northern Territory, and I don't think  
35 we can really use a one size fits all solution.

**MS CILENTO:** I appreciate that perspective. Thanks for taking the time to speak with us today.

40 **MR SLOAN:** My pleasure. Enjoy the rest of your Friday.

**MS CILENTO:** Cheers, you too.

**MR SLOAN:** Thank you, bye.

45

**MS CILENTO:** Done. It's morning tea time.

**ADJOURNED**

**[10.30 am]**

5

**RESUMED**

**[11.09 am]**

10 **MS CILENTO:** I said this in the morning but I'll tell you that in the event of an emergency you should look for the green exit signs, look for and listen to the floor wardens, don't use the lift, and we'll meet over there, outside. If you can't use the lift, you need to tell the floor warden.

15 **MS OGIER:** Right. And that floor warden will wear a hat and will know  
- - -

**MS CILENTO:** I am assuming it would be a green hat.

20 **ASSISTANT:** Red hat.

**MS CILENTO:** Red hat.

**MS OGIER:** Okay, thank you.

25

**MS CILENTO:** They will make themselves known to you. Thank you for coming. This is going to be pretty informal, so more a conversation around your thoughts and reactions to the draft report. I should advise you formally, though, that we do record lots of the proceedings, and so  
30 whilst you don't take an oath, there is an expectation that you will be truthful in all that's said.

And so, apart from that, thank you for joining us, and over to you, to either opening statement, or I'm happy for you just to go straight into  
35 thoughts on the report and recommendations.

**MS OGIER:** Thank you. Thank you very much, Melinda. We thought we'd start by, well, thanking you for the opportunity to come up and to present. We are also putting in a written submission, but we felt that this  
40 opportunity would present would highlight or emphasise some of our intent and the points we make in it.

I'll firstly introduce ourselves. So I'm Dr Emily Ogier. I say my last name slowly because it gets mispronounced. And I'm a social scientist. I  
45 work in marine industries, and we work - both Klaas and I represent and

work for the Institute for Marine and Antarctic Studies, which is a research institute affiliated with the University of Tasmania.

5       Klaas is a resource assessment scientist who works quite directly with quite a number of our high-value fisheries in Tasmania, but has also worked in the Torres Strait and works with some Victorian fisheries also. And back to myself, I actually wear a number of hats too. As well as being a social scientist with a focus on policy and governance, I also have a role in coordinating the FRDC's social sciences and economics research  
10       coordination program nationally, and my husband also is actually an active Tasmanian commercial rock lobster fisherman, so just to name those interests up. We don't, however, own any quota in that fishery, if that's an important clarification, or any entitlement.

15       So going on from that, we felt that you - that IMAS is in a unique position to comment on the matters in the report, and that position is - we argue that from a couple of points. So IMAS within itself as a research institute encompasses multiple disciplines. So I work across the Oceans Policy and Governance Program, but there's also a substantive fisheries and  
20       aquaculture program in which both Klaas and I work.

We - so we have people with legal specialities, policy, political studies, but also economics, resource economics, social sciences, and fisheries - more classic fisheries biological sciences. But IMAS is not only a  
25       research institute in the classic sense. It also has a really significant role in science provision for the state Department of Primary Industries, Environment and Water, which is the management agency charged with managing fisheries, and so in fact through the FMRC Sustainable Resource Management Collaborative Agreement I think is the term  
30       between IMAS and DPIPE, the department just mentioned.

Through that agreement, IMAS actually supplies all of the fisheries assessments, and that is now including social and economic assessments of those fisheries and aquaculture sectors, so we argue that on this basis,  
35       and our direct relationship with our agency, we have a high level of knowledge in relation to research, in relation to policy and policy advice, or the policy formulation processes, but also the operationalising of a lot of those drivers into - and we provide a lot of assistance in decision support for operationalising a number of those policy drivers.

40       And IMAS is increasingly being contracted to work with - in Victoria for EcoDev, the department there. We do some work through contract for the Commonwealth, for Queensland and for South Australia and for Western Australia. So we have quite an extensive understanding of what's going  
45       on nationally.

5 The scope of IMAS' comments in relation to the recommendations,  
comments and findings, so we are primarily coming at this from a  
position of a public research agency. So our premise is - what we are  
wanting to discuss are the premises and supporting information  
concerning fisheries policy, management and assessment and resource  
economics. That's our - if you like, the scope of our considerations. And  
we're drawing on evidence from our own research - both Klaas and I  
practice as researchers as well as science providers, science knowledge  
10 providers - our experience in international case studies and also  
background in resource economics amongst some of our colleagues.

15 So that's our background. The first point we'd like to raise is that IMAS  
supports the vast majority of the draft recommendations, and we list that  
in our written submission and the findings. There are a number that we do  
not support, and that's what we wish to discuss today, but in general the  
majority are strongly supported by IMAS.

20 The first point we want to raise is not so much in relation to not  
supporting any particular recommendation, but is relating to one of the  
premises we think which underlies a lot of what's recommended in the  
report.

25 And that relates to the lack of recognition of the legislative goals of  
generating community benefits, and it does have inferences for draft  
recommendations 2.1 - sorry, 2.2, 3.1, 4.1 and 6.2. And the basis for this  
comment comes from some - a research project that I'm leading which I  
am unfortunately yet to fully report looking at fisheries management and  
legislative objectives and how these are operationalised and then their  
30 interactions with high level policy.

35 And that research has found that an explicit reference to generating of  
community benefit to the wider community is stated in eight out of our  
nine jurisdictional level pieces of primary legislation for fisheries  
management, and that three of that eight actually reference that  
community benefit be achieved through allocation and three of the eight  
through the management of commercial fisheries, so having some bearing  
on the private benefits.

40 **MS CILENTO:** Is it possible for you to say which ones they are?

**MS OGIER:** Yes. So of the eight of the nine stating community benefit,  
the only one that doesn't is Queensland.

45 **MS CILENTO:** Yes.



5                   **MS OGIER:** It says ESD. And I think it would actually be a fair inference that the concept of ESD includes - I think it's wellbeing to the national community or the regional community.

**MS CILENTO:** Yes.

10                   **MS OGIER:** But the others actually explicitly mention community benefit. The three out of the eight - I have actually got it on my laptop, and I could pull it out perhaps while Klaas is speaking.

**MS CILENTO:** That's - it would be interesting to know - - -

15                   **MS OGIER:** Well, I could insert that in our written submission, if you like.

**MS CILENTO:** That would be great, yes.

20                   **MS OGIER:** Yes. So an important difference here, though, is the way in which these points are argued in the Commonwealth piece of legislation. And our primary point is that - the point we are raising in relation to community benefit relates to the states and territories, of which we have a great deal of familiarity, and the situation is really quite substantially different in the Commonwealth, where they have actually quite explicitly interpreted that concept of community benefit through the notion of maximum economic returns and that mechanism of delivering it.

25                   However, we don't think that's the case whatsoever in relation to the states and territories, and therefore we have - we do not support some of the recommendations relating to tools and the recommendations for implementation of ITQs more widely, as well as trading between recreational and commercial harvesters, because we cannot find evidence to suggest that that results in equivalent increased gains in community net benefit as opposed to the generation of gains in private benefits through greater privatisation.

30                   35                   Just back to what is in those pieces of legislation, in the states and territories there is reference to private benefit, and that is an objective, like - or at least reference to supporting commercial fisheries. However, all of those objectives, none of them refer to an actual goal for those commercial fisheries in achieving efficiency.

40                   45                   If there is any kind of reference in that area, though, usually in regard to achieving viable commercial fisheries or that commercial fisheries are able to pursue industry development but are explicitly constrained by the

need to also consider the delivery of wider community net benefit.

5 So essentially we're arguing that we think an antecedent significant gap  
prior to the consideration of any of these tools is that these state and  
territory jurisdictions still need to actually have some - identify some  
explicit mechanisms for how they are generating these broader community  
benefits, and that this needs to be determined prior to creating quota  
markets and other types of instruments. And that therefore has  
implications - it justifies to some extent our responses to some of the  
10 further recommendations in the report.

15 So we're really supportive of a much more nuanced view with regard to  
considering which benefits in what form, is it through allocation, is it  
through resource rents or other forms of rent capture, and then who those  
benefits need to be distributed to prior to any decision about the quota  
markets, just to reinforce that point.

20 So - and in particular, actually, we - IMAS strongly supports draft  
recommendation 2.1 in relation to harvest strategies and the request for  
further information about how to determine limits to catch and target  
reference points.

25 However, we feel that this need to much more explicitly operationalise  
how commercial - sorry, community benefits are going to be obtained  
from the management of fisheries needs to be resolved prior to the  
development of target points. That in kind of best practice fisheries  
management, reconciliation of those objectives is achieved prior to the  
setting of target reference points.

30 **MS CILENTO:** Can I just interrupt?

**MS OGIER:** Of course.

35 **MS CILENTO:** Just one quick question.

**MS OGIER:** Yes.

**MS CILENTO:** Based on your research, who does this well?

40 **MS OGIER:** Yes, that's a very good question. So even before that, just  
to cite an anecdote, one manager, a very, very highly regarded manager  
who's currently chair of the AFMF's sub-committee on fisheries  
management, stated very clearly that their greatest struggle is how to  
optimise social and economic benefits for their fisheries.

45

**MS CILENTO:** Yes.

**MS OGIER:** They don't have a clear handle on what those benefits constitute and then how - what looks like optimal - - -

5

**MS CILENTO:** Yes. So I kind of get the - I get your point, which is - so I think one of the things we identify in the report is that there is just this complete lack of clarity around how you even value some of these other benefits, and that there - and maybe we need to think about whether we've done this clearly now, but we have tried to say - what we are trying to say is that there needs to be clarity around the fact that these objectives exist, and we're pretty clear in saying they're not all monetary, and there needs to be a process for ensuring that they are appropriately factored into fisheries management decisions.

15

I gather from what you're saying that one, that doesn't go far enough, and two, it's maybe not in the right process, and that that all needs to be determined before you start talking about what the optimal allocation - - -

20

**MS OGIER:** Yes, that's right.

**MS CILENTO:** - - - or fisheries management technique is. But are there people - I mean, are there other jurisdictions overseas or people that you - is there an example that you can point to where you say, "Here's a process that works, or where we think they're sort of starting to get it right, or that demonstrates that it can be operationalised"?

25

**MS OGIER:** Sure. I'm not as familiar with overseas examples, and I think Klaas is going to refer to a couple of those examples.

30

**MS CILENTO:** Sure.

**MS OGIER:** But that's more in relation to how to go about gaining some kind of rent, I think.

35

**MR HARTMANN:** The resource rent allocation.

**MS CILENTO:** Yes.

40

**MS OGIER:** Yes. But in relation - in Australia, I think, South Australia and Western Australia are pursuing these with quite considerable depth. I wouldn't argue that - they wouldn't argue they had any resolution on it, but in South Australia they have both objectives of achieving wider community benefit through the allocation process as well as generating wider community benefit from the management of the commercial

45

component of the fishery, and they also have in their ESD risk assessment process, which is a prior step to the formulation of any conceptual objectives. They do consider wellbeing of regional communities et cetera.

5 But it still hasn't really come down to the level of measures or anything that could be really incorporated into sort of a trade-off, I don't think. So operationalised to that point of directly informing decisions in a sort of a semi-quantitative fashion, I wouldn't say it's at that point.

10 **MS CILENTO:** And is that - you know, they're sort of objectives. Are they clearly - the documents that we can point to that sort of say, "This is what's happening," or, "This is the intent", or - - -

15 **MS OGIER:** The intent is stated, yes. I think a lot of fisheries management jurisdictions - I mean, they recognise this as a gap or an absence of - it's certainly not really reported a lot in their fisheries assessment reports. There's a fair bit of economic reporting in - for South Australian fisheries, but we'd argue they don't necessarily - the indicators used do not necessarily give you a measure of community net benefit in  
20 the way that we're describing it today.

But it's a move in that direction, and Tasmania is going to be attempting that too within the next year. But that's at the reporting level, not necessarily at the management level.

25 **MS CILENTO:** Yes.

30 **MS OGIER:** Western Australia they are - they have included social and economic operational objectives in their six latest harvest strategies. But again, what they have done, which is admirable, is quite tightly define those benefits that they see being derived, and I think in the case of social benefits - in one case it was the absence of - no, I'll have to check on that, I'm sorry. But it's probably - they're working with what they've got, and it's still a fairly narrow take on those social and economic benefits.

35 **MS CILENTO:** Sure.

40 **MS OGIER:** But at least they - if you like, the mechanics of it are there. They're incorporated those objectives into their harvest strategies. And in the case of Western Rock Lobster it's actually explicitly in their harvest strategy too, that they have a first objective of highest precedent, which is their sustainability objective, and once that's achieved the setting for the TAE can be - or is it TAC now, sorry? Yes, is actually adjusted according to social and economic objectives, which are greater levels of employment  
45 and greater levels of locally available supply of that product.

However, they're also reviewing that because I'm not sure that they feel that that's a mechanism that's delivering the outcomes intended.

5       **MS CILENTO:** So that's WA?

**MS OGIER:** Yes.

10       **MS CILENTO:** Yes, okay. Sorry to interrupt.

15       **MS OGIER:** No, that's fine. So essentially the point I'd got to, I've actually addressed that point, that we feel that in the development of harvest strategy policy one of the points that has to be stressed is that these questions need - around what constitutes the type of community benefit that jurisdictions wish to pursue, for its jurisdictional community need to be resolved.

20       And we're by no means trivialising that task. We acknowledge the difficulty of it.

25       **MS CILENTO:** Can I ask a question? You might want to - you might be answering it later, but I guess one of the questions then is if there's scope to improve the efficiency of fisheries management, and I'm not trying to trivialise the observations you've made about private versus community benefit, but I mean, the community - this community benefit piece will presumably take some time to operationalise. Is it your view that progress on the sort of more efficiency sort of objectives should not be pursued until the community benefits are articulated?

30       **MS OGIER:** Yes, we do come to this point.

**MR HARTMANN:** Yes, I'll sort of get into that in a moment.

35       **MS CILENTO:** Yes, sure.

40       **MR HARTMANN:** But yes, so one of the concerns I guess I have is if you sort of launch forwards down the path of establishing an ITQ you allocate this access right to the resource, and it becomes very difficult to unwind that process down the track to meet these sorts of objectives if you did establish what they are.

45       **MS OGIER:** But in some cases, and I think we cite this in the written submission, there are some fisheries overseas which are not pursuing ITQs, but they have used their allocation policy, and they have - they give precedent to their Indigenous or customary allocation and their

recreational allocation using concepts like utility, and they - that has precedence, and only then, with what the residual is allocated - - -

5 **MS CILENTO:** So a community quota allocation.

**MS OGIER:** No. No, I think that's a - that's just a entry - - -

**MR HARTMANN:** So yes, they give priority access to recreational or first nations sectors, and then whatever's left is for the commercial sector.

10 **MS CILENTO:** Yes, then.

**MR HARTMANN:** And that may be then - that portion may then be allocated through an ITQ system.

15 **MS OGIER:** Or auctioned or whatever system.

**MR HARTMANN:** Or whatever the case may be.

20 **MS OGIER:** Yes, that's right. And so in some - for some jurisdictions that's a defensible mechanism for delivering community benefit, it's simply through the allocation mechanisms.

25 **MS CILENTO:** Yes.

**MS OGIER:** And then that commercial sector is - there's no questions about, in some cases, resource rent or other mechanisms. That is their mechanism.

30 **MS CILENTO:** Yes.

**MS OGIER:** So we're not stipulating which one, we're simply saying that's - it's at that point, it's a fundamental kind of antecedent question, I think, to some of these instruments, and that certainly the creation of any kind of market for quota, these issues need to be resolved, we think, prior to that.

40 And perhaps if there are these other mechanisms of capturing community benefit in place then there would be no barriers, necessarily or no policy based reasons not to pursue an ITQ in pursuit of efficiency if there are demonstrable community benefits being captured or gained through other mechanisms.

45 But your point, Melinda - we also do believe that in Australia we have a lot of excellent existing management tools, and often these are questions

of full implementation of some of these tools and the required political will to do so. And we again don't want to trivialise that either. I mean, our multi-jurisdictional situation in Australia makes having the strength of, if you like, ministerial push in certain directions, it gets diminished across the different jurisdictions. It's a very complex arena in which to make - to take leadership, I think.

**MS CILENTO:** And would you like to now or will you in your submission highlight the sorts of tools that you think we should be relying more on?

**MS OGIER:** It's in our submission, but I think Klaas is going to cover that.

**MR HARTMANN:** Yes, allude to that.

**MS OGIER:** Sure. Allude - yes, that's a good point. So that's essentially the - that's my predominant point based on the work I've been doing, and I think our next point, Klaas - - -

**MS CILENTO:** Yes.

**MR HARTMANN:** Yes, what I wanted to talk about was more that issue then once you have - once you've got an allocation for the commercial sector, how you go about managing the commercial sector, and in particular regarding the resource rents.

**MS CILENTO:** So this is - if I can give myself a title, it's how to better manage commercial for community benefit?

**MR HARTMANN:** Sure, yes, yes, yes, that sounds fair enough.

**MS CILENTO:** Yes.

**MR HARTMANN:** So first of all I want to discuss the draft finding 3.1. So our sort of feeling is that there's a lack of recognition of the negative impacts that arise from implementing an ITQ. Now, you know, first of all just sort of a quick one, in general our feeling is that maximising efficiency for Australian fisheries doesn't deliver the benefits to the Australian consumers and public as you might have with other primary industries such as cheaper milk from dairy efficiency, and that's due to the large international trade of seafood as compared to some other products, and the reliance of - and you know, the sort of strong preference from Australian consumers for cheaper overseas products than some of our valuable domestically produced fish species. So that benefit there is

probably not a large one.

Now, there are a broad range of reasons why ITQs haven't been adopted more widely on a sort of global scale - - -

5

**MS CILENTO:** Sorry, could I just - - -

**MR HARTMANN:** Yes?

10 **MS CILENTO:** So if we've got a market where the consumer preference isn't there for some of the higher value product which is exported, then presumably the more efficient management you adopt would be the right outcome, provided you've got a vehicle for redistributing rents?

15 **MR HARTMANN:** Yes. So yes. So I will talk about the resource rents in more detail in a second.

**MS CILENTO:** Yes, that's fine. Yes, no, that's right.

20 **MR HARTMANN:** But exactly, it increases the resource rent, but then the question is who benefits from that.

**MS CILENTO:** Yes.

25 **MR HARTMANN:** And whether that benefits the public. So sort of on a - on a global scale, there are a broad range of reasons why ITQ haven't been widely adopted, even in, you know, some fisheries, some large value fisheries where they've, you know, seriously been considered. I'm going to just mention a few of those issues, which largely relate to privatisation  
30 and the complexity of actually ensuring community benefits from the stock.

35 So one of the real challenges which often is just sort of - hasn't been given anywhere near the amount of thought it should have been is the initial allocation of the property rights to a public resource, which in many cases has essentially been gifted, so based on catch history or past participation in the fishery, that ongoing access right for perpetuity in many of our existing ITQ systems has effectively been gifted.

40 Now, the tradability component of the ITQ system inevitably leads to some degree of separation of ownership and fishing, which isn't necessarily a bad thing in terms of efficiency, but when you have that flexibility in the ownership of that access right and geographic sort of location or - of those owners, you can have some strange outcomes.  
45



So increasingly in some of our quota fisheries the quota is owned interstate from a state perspective or overseas, so it's an increasing aspect in many of our valuable fisheries. So - - -

5       **MS CILENTO:** And what's the problem with the interstate ownership?

**MR HARTMANN:** So it depends again on the definition, as Emily was talking about, of community benefit. So in Tasmania, as I understand it, the public is defined as residents of Tasmania.

10

**MS CILENTO:** Okay.

**MR HARTMANN:** So if you're aiming to maximise the public benefit to the community, which I think is in fisheries management plans or - yes? Then if - you're aiming - if all the - if, in the extreme case, all the quota owners reside interstate then there's no public benefit to maximising the resource rental. And similarly for international ownership of quota.

15

Now - so in a lot of - yes. So if you then increase the efficiency of a fleet, effectively what you're doing is reducing things like employment, number of vessels, and in order to be able to increase the resource rent, which, you know, is the main mechanism by which that happens in fisheries, and so you are increasing that transfer of the resource rent to whoever happens to own it at the cost of employment and local industry and local activity, particularly in sort of regional fishing ports.

20

25

**MS CILENTO:** Can I - - -

**MR HARTMANN:** Yes?

30

**MS CILENTO:** Have you got, or would you be able to include in the submission direct - sort of pointing as to some references that might actually demonstrate the impact of the ITQs on employment and vessel numbers in places where they've been implemented?

35

**MR HARTMANN:** I can include some examples. I don't know off the top of my head of any sort of larger surveys.

**MS CILENTO:** Yes.

40

**MR HARTMANN:** Sort of, you know, you could do a study globally or internationally but, you know, in most of our fisheries that I'm aware of there's been, yes, pretty rapid decreases - - -

45       **MS CILENTO:** Yes.

**MR HARTMANN:** - - - in vessel numbers and in employment.

**MS CILENTO:** Yes.

5

**MR HARTMANN:** And you know, there are some examples internationally with very nice analyses of the number of fishing ports reducing post ITQ introduction and - yes. So - and I mean, effectively that's - if you're seeking to increase the efficiency of a fishery, the main cost is the cost of going fishing, so if you want to increase efficiency then that's actually what you're trying to achieve. You're trying to reduce employment, you're trying to reduce the amount of capital that's in the vessels and so forth.

15

So it's not - you know, it's not disparate to that, but then if you are seeking to increase that efficiency and you want to maximise public benefit, you have to think about where that resource rent is flowing. So a lot of the sort of efficiency improvements we discuss and which are often supported by publicly funded or subsidised science and management increases the wealth of the quota owners at the cost of employment.

20

And so, you know, in our view it's critical that that flow of the resource rent is considered explicitly in that case. So for example, you know - quick example in Tasmanian Rock Lobster fishery post-ITQ introduction that the ITQ has increased in value substantially, so now at the moment the value of all the quota units would be about \$500 to \$600 million, and there's been increasing separation of ownership from actual fishing activity, which also leads to some interesting management problems where when you are trying to get a - so when management tries to seek industry feedback on proposed management arrangements that might increase efficiency of the fishery you get very split opinions. So these people that are leasing their quota and don't stand to benefit from the property right becoming more valuable will oppose changes that increase efficiency, as they see it as a threat to future employment in the industry.

25

30

35

So you're mis-aligning that incentive there for fishers to also pursue efficiency improvements. So on that one, our recommendation really is to - for the Productivity Commission to find - to include a recommendation for the establishment of quota management systems, but more broadly, so inclusive of but not constrained to ITQs for fisheries where they're not currently in place.

40

So what needs to happen is to avoid the initial gifting of the public asset to private companies, as has occurred in the past and has been the primary allocation mechanism, and to ensure that our property - there are

45

appropriate mechanisms in place to capture the resource rent, thereby maximising the public benefits, so hence being consistent with the legislation.

5     **MS CILENTO:** Klaas, can you - and one of the things that we've grappled with, because we did grapple with this a little bit, is how you - this might be operationalised in a way that actually ultimately delivers that benefit through the - and whether it's a resource rent tax or whatever.

10    **MR HARTMANN:** Yes.

15    **MS CILENTO:** And we sort of bumped up against - I guess there's maybe a little bit of chicken and egg in a lot of the fisheries, because poor - inefficiencies are weighing on the commercial reality of the fisheries, so if you went to them and said, "We want to redistribute - we're going to improve efficiency and redistribute rents," the first reaction is, well, there aren't any rents to redistribute.

20    **MR HARTMANN:** Yes. So that gets to another point I want to make in a little bit, which - I mean, when you look at any fishery that currently sits on the quota, the actual value of all the quota units is the net present value of the fishery. So even if the accounting profit for a lease fisher might be zero, because they're paying lease or for a quota and again might be very low because they're paying interest on all the capital they've had to borrow to acquire the quota, whatever the value of the quota units is is actually the value of the fishery, so that's, you know, the net present value of that string of resource rents.

30    And there are quite a number of fisheries around Australia where that's large. You know, just in Tasmania, the Rock Lobster fishery is around that \$500 million value. So - - -

35    **MS CILENTO:** But if you look - I mean, again, are there examples where you could point to overseas where you think there's a similar economic reality - - -

**MR HARTMANN:** Yes.

40    **MS CILENTO:** - - - that's - where there is a system in place to effectively capture those rents?

45    **MR HARTMANN:** Yes, so one example that I like is in Chile they have a system where - in some of the fisheries where the quota is auctioned off every 10 years for a 10 year period. So it's auctioned off by the state, so thereby capturing that resource rent, and it's for a 10 year period, so a

- business has a certain assurance about its, you know, medium-term involvement in the fishery, and also to avoid sort of, you know, really big changes. It's only - it's 10 per cent of the quota that's auctioned off each year.
- 5 But effectively, if that is implemented and works properly and you have a good auction market, then you would be recovering the full resource rent to the state.
- 10 **MS CILENTO:** And the full resource rent on that proportion of the - on the 10 per cent?
- MR HARTMANN:** Well, on the full quota. So every year 10 per cent of it is auction off - - -
- 15 **MS CILENTO:** I'm sorry, yes, all right, yes.
- MR HARTMANN:** Yes. It's not just 10 per cent that's under that system, but every year 10 per cent of the quota is auctioned off, so that -
- 20 you know, the 10 per cent that's just expired is auctioned off.
- MS CILENTO:** And do you know how much revenue that's generated for them?
- 25 **MR HARTMANN:** So I don't - I don't have any details of it. It's not an area I've actively researched. Just - I've seen it discussed, and I think there are some issues around the efficiency of those auction markets.
- 30 **MS OGIER:** Okay. I mean, we do have an example in the written submission provided by another colleague in which one per cent of the Rock Lobster TAC is retained by IMAS for research quota.
- MS CILENTO:** Yes.
- 35 **MS OGIER:** And that is auctioned off every year. It takes a couple of phone calls, and it recovers about 350K a year. And if that were taken to that sort of - even, like, a 10 per cent level or something like that it would be considerable.
- 40 So - and I mean, I guess that one per cent has no direct bearing on profitability of firms.
- 45 **MR HARTMANN:** Yes. So I mean, that - the example I mentioned is an ambitious one where you're trying to recover the full resource rent from the resource, whereas if you are aiming lower and just recovering a

small proportion of the resource rent there are numerous examples, like this one Emily's mentioned.

**MS OGIER:** Or the abalone royalty deed.

5

**MR HARTMANN:** Yes.

**MS CILENTO:** So what was that, sorry?

10 **MS OGIER:** Tasmanian abalone royalty deed. So they pay - it's  
currently 5 per cent in royalties each year through a deed. So that's - that  
actually both strengthens their property right. I mean, generally property  
rights for fisheries in Australia are more like quasi property rights, but the  
15 royalty deed for abalone essentially makes it a much more bankable  
property right.

But it requires that quota unit holder to pay a 5 per cent of their quota unit  
price as a royalty deed payment once a year, and that returns to the state to  
cover - it's an interesting one. It's not officially a cost recovery  
20 mechanism, but it - our understanding is that it's used to offset partially  
the costs of management. But it's called a royalty payment.

**MR HARTMANN:** Yes, so that's one of our recommendations in our  
written submission, is that a royalty or a royalty lease system is applied to  
25 fisheries, so similar to mining or forestry, which would ensure that any  
efficiency gains that you appropriate through something like ITQs provide  
community benefit. So if it's on a percentage profit basis or percentage  
value basis, as is the case here - - -

30 **MS CILENTO:** I hate to be sounding like a squeaky wheel, but anything  
that you can point to where it's been implemented effectively - - -

**MR HARTMANN:** Yes, so the Tasmanian example.

35 **MS OGIER:** So we've got a couple of examples in there, yes.

**MS CILENTO:** Yes.

40 **MS OGIER:** And I think, too, Klaas, we discussed a point earlier that it's  
important too that that initial allocation often happens at a time when a  
fishery is just coming out of a developmental phase, and its measured  
value is ostensibly quite low, but as we saw historically with Rock Lobster  
and abalone in Tasmania, but then across time and under current market  
conditions you can anticipate the long-term forecast for a number of  
45 Australian fisheries is going to be - they're going to increase in

profitability, and so there's a lost opportunity there if we don't - if we regard them as currently too unprofitable in their early exploratory phase to use any - implement any of these mechanisms it's very difficult to retrospectively implement them.

5

**MR HARTMANN:** Yes, and I think that's happened in a number of fisheries, where at the time of the initial allocation the fishery was not particularly profitable, so it wasn't seen as such as a big loss to the public to just allocate those rights on the basis of catch history, and subsequently down the track as the fishery has become more efficient or the markets have picked up it's turned out to be a very valuable resource and a very valuable right that was gifted.

**MS CILENTO:** And just out of interest, what would your response be to fishermen who would argue that yes, they acknowledge that the resource that was gifted has now proven to be quite valuable but partly that also reflects the investments that they've made and the innovations that they themselves have developed and all the rest of it, and the thorny issue of how you account for that or compensation or otherwise.

20

**MR HARTMANN:** Yes, I mean, compensation is a tricky one. I mean - and really the problem occurred at that initial allocation, and it's hard to unwind it. I think there's no good answer for once you have allocated something how you then, down the track, recover something.

25

So there are some examples sort of - some fisheries, for example, mainly in other sectors where that property right is diluted. So for example in a fishery you could say, okay, every year there will be a certain number of new units of quota that will be issued, and the TAC will be divided by a larger number of units of quota, and those units of quota would be auctioned off or, you know, they would be owned by - used for research or for management purposes, and that slowly sort of recovers some of the public benefit from the resource.

30  
35 Yes. So the issue of - yes, the intellectual property one in terms of, I guess, market development or understanding of fishery grounds is another challenging one where I think that having a quota allocation as limited lifespan is a nicer arrangement, so there's an understanding that a firm has an access for a certain number of years so, you know, what they put into it they'll get out over that period.

40

And if that's presented up front then I don't think there's a problem because they're aware of what the conditions are. It's just once you've allocated it, changing that down the track is a challenge.

45

- 5       **MS OGIER:** And some of that market research, for example, too, is quite subsidised or matched through public funds as well, through AusAid - sorry, DFAT and other - you know, arrangements to match industry contribution, so it's not entirely industry investment.
- 10       **MR HARTMANN:** Yes. So that's a good point, which I sort of raised a little bit before, is that a lot of the science and management that occurs to increase the efficiency and increase the value of the fishery is in part subsidised by the public as well.
- 15       **MS CILENTO:** Yes.
- 20       **MR HARTMANN:** So I know a lot of our research funding is subsidised at a federal level. It isn't all industry paid.
- 25       **MS CILENTO:** So given that most of what the resource that we're talking about have been allocated, and they are - it's an issue of reallocation, and the implications of how you might better manage and deal with that, does that have any - like, because I take the points if you're sort of - if you're sitting here now and you were going to do some things differently, particularly knowing that some things have become very valuable including there's an export market, but - so what are the implications for how we do things when it's a reallocation decision?
- 30       **MR HARTMANN:** So I guess my first comment on that one would be that these comments were largely sort of, you know, largely talking in the context of draft finding 3.1 - - -
- 35       **MS CILENTO:** Yes.
- 40       **MR HARTMANN:** - - - which was pushing the introduction of ITQs - - -
- 45       **MS CILENTO:** Yes.
- 50       **MR HARTMANN:** - - - across a broad range of fisheries. So there the allocation isn't secure as once you have an ITQ system.
- 55       **MS CILENTO:** Yes.
- 60       **MR HARTMANN:** So I think there before you launch into that and allocate secure property rights, that's where you need to think about it.
- 65       **MS CILENTO:** Yes.
- 70       **MR HARTMANN:** The - but to answer your question, once you do have

- that secure property right then, yes, it's a challenge. And you know, one - there are different ideas. One concept I liked, but it hasn't progressed, was if you - there might be a certain management control, management measure you can relax, like an input control and an output control fishery, to make fishers more efficient which would, you know, increase the resource rent, and you could auction off the right to fish with that relaxed input control, so you'd recover the additional resource rent. So there are mechanisms like that that are possible.
- Another one - I mean, a lot of fisheries are subsidised through research and through management, so moving to something like cost recovery wouldn't in my view be a sort of inequitable move. That would at least reduce that level of public subsidy.
- MS OGIER:** Because it's just earlier, some of those mechanisms you talked about about purchasing the - well, purchasing the ability to pursue certain fishery strategies, if you like, is already being investigated, I think, around some biodiversity constraints, I think, too, so where you pay a higher level of - I don't know the details, I'm sorry, but you pay - essentially the operator - a firm pays a fee to fish in an area with a higher ecological risk of fishing activity.
- So anyway, I guess it's like - maybe that's more of an offset concept or a compensatory kind of concept.
- MS CILENTO:** Yes.
- MR HARTMANN:** Yes.
- MS CILENTO:** Or a selection - - -
- MS OGIER:** Yes, that's right, yes.
- MR HARTMANN:** Yes. So I guess across a few of the issues we've discussed, it's sort of ongoing work and ongoing research into management tools, and - which then I guess is a little bit unclear in terms of putting out a productivity report - - -
- MS CILENTO:** Yes.
- MR HARTMANN:** - - - on where you go in an area where there isn't a clear answer yet, and my biggest concern there would be where you have that recommendation that is to further secure that property right, which then reduces your options in the future of applying new tools as you establish them.



5 **MS OGIER:** And I'm not aware of - I actually think a lot of Australia's fisheries are not yet under what you'd call very secure property rights arrangements as yet. I mean, Queensland's undergoing a lot of reform. In Tasmania it's three of our fisheries, I think, but we've got sections of fisheries that aren't, and some emerging developing fisheries that are likely to be possibly quite profitable in the future, like the sardine fishery, which is not yet.

10 **MR HARTMANN:** Yes.

**MS OGIER:** So there are opportunities. There's still - - -

15 **MS CILENTO:** I guess it is an interesting conundrum about, you know, how people perceive the strength or otherwise of property rights.

**MS OGIER:** That's right, yes.

20 **MS CILENTO:** And it depends on the circumstance of which they're arguing their property right as well, so we hear different and sometimes conflicting views.

**MS OGIER:** That's right, and all we've got is legal precedent, in a lot of cases.

25 **MS CILENTO:** Yes, yes.

30 **MS OGIER:** Another quick point, too, that - you are raising very valid points about the industry's concern in the face of some sort of retrospective attempt to recover rent, and I can see those. But I'd also argue, and I don't as yet have any substantive evidence, but that some of the basis for the reduced social acceptability of some of our commercial fisheries operators I think lies with the lack of ability to demonstrate community benefit. And so that's not necessarily a defence of any particular mechanism of capturing it, but there's simply no way to articulate or measure or more importantly evaluate whether that community benefit is sufficient, given access to a common pool resource.

35

40 So I actually think there are indirect benefits to - or there's indirect value for the industry in some more explicit recognition of the fact - most fisheries, there are some form of community benefit being generated, but how - that question of optimising is probably where the tension lies.

45 However, I think this - I mean, in the case the fisheries we're mentioning, no - it's never raised in sort of the public debates, the fact that there are

some forms of rent capture (indistinct), and I think that's an under-utilised argument.

5 **MR HARTMANN:** That was one of the - you know, in a fishery that has had a lot of public attention, in the Small Pelagic Fishery, it was one of the big critiques of the introduction of the (indistinct) was, you know, what are the benefits to the public, and, you know, people were concerned that there would just be a small number of international people working on the vessel, and that would be pretty much it as far as the public benefit went.

10

**MS OGIER:** Along with taxation, yes.

**MS CILENTO:** Yes, all right. Anything else?

15 **MR HARTMANN:** So one other thing I wanted to just briefly mention was - so there was a few recommendations, 2.2, 4.1, 6.2, that sort of talk about a range of different management tools that you might apply. And particularly around the recreational sector. And for a lot of those, we feel that the correct management tools are in place in terms of things like bag  
20 limits, daily catch limits, those sorts of things, but often it's the lack of the political - well, I guess the management's will or desire and the lack of guidance by management objectives to set those at appropriate levels, rather than that there's a lack of the right management tool with which to do that.

25

So things like, you know, the recommendation to more widely look at tagging, you know, our feeling is that there are existing management tools that do a better job.

30 **MS CILENTO:** Including for higher value species?

**MR HARTMANN:** Potentially. So just in general I think our - our feeling was that in the report there's not enough of a recognition that there are valid existing tools, they're just not being applied well enough. Rather  
35 than, you know, having to explore new tools to examine those.

**MS CILENTO:** Okay.

40 **MS OGIER:** And we also really endorse the use of harvest strategies for - so a triple bottom line approach to harvest strategies that would encompass recreational catch but also concepts of utility into setting the reference points. And there was also that related concern about the support for trading between recreational and commercial harvesters, and I think our point there being that's the same point in relation to ITQs, that  
45 prior to that there needs to be some resolution of how the recreational

benefit is construed. Does it have precedence over the commercial allocation?

5 And that that - all of that would need to be resolved, and there'd have to be a different mechanism then for capturing community benefit if in some ways this recreational component was to be almost quasi-privatised or potentially privatised, given that the commercial sector could buy it out.

10 **MR HARTMANN:** And there are lots of international examples where recreational allocation takes precedence.

**MS CILENTO:** Yes, I guess we were sort of envisaging that that's an opportunity for rec to get more.

15 **MR HARTMANN:** That's an added value judgement, that they're on equal footing, whereas in a lot of international sort of circumstances the recreationals get sort of first access after - often after the Indigenous people, yes.

20 **MS OGIER:** Customary, yes.

**MR HARTMANN:** Rather than having to negotiate with the commercials.

25 **MS CILENTO:** Yes, okay. Great.

**MR HARTMANN:** Yes. Yes, so that was - - -

30 **MS OGIER:** What about the question about profit?

**MR HARTMANN:** I did talk about that.

**MS OGIER:** You did? Yes.

35 **MR HARTMANN:** Before, yes. So just I guess just to reinforce that, our profit of full equity issues - so one of the justifications for the Commission's decision not to recommend the capture of resource rents was the low value of Australian fisheries.

40 **MS CILENTO:** Yes.

45 **MR HARTMANN:** And some of the economic analyses on which that was based were based on profit of full equity, so the idea that the quota lease fees or bank interest on the capital used to purchase quota is actually included in that economic analysis, so when you look at that, it devalues

the fishery substantially compared to looking at the actual - at the net present of the profit strength in the fishery.

5 So you know, if you looked at a fishery like Tasmanian Rock Lobster worth, you know, \$500 million in terms of net present value, but if you actually looked - did that economic analysis on an individual business you'd come up with a much, much lower amount.

10 So yes, so there are a lot more - there are - - -

**MS CILENTO:** So you don't think that a fisher should be allowed to deduct the cost of production?

15 **MR HARTMANN:** Well, if you're trying to establish the value of a fishery, it's not about the cost of production, it's about the cost of leasing the quota. So if you're trying to value the overall fishery, that - it should be the value of the landed product minus the fishing costs, excluding the resource rent component, which is leasing and quota.

20 So if you add up the value of all the quota units in the fishery, what it would cost to buy your quota units, that's the value of the fishery, which is effectively what the market has decided the future profits coming from the fishery are worth. Whereas some of the Yukon Search analyses that were relied on looked at the profit minus your - the amount that the quota costs to lease in, so you would expect a very - if it was a fully - you know, if it was a fishing market, you would expect that that would actually be zero, you come up with a zero amount at the end of it.

25 **MS CILENTO:** And if you look at schemes overseas, that's the basis on which they're - an effective resource rent tax on fishing elsewhere, that's the basis on which they would collect the resource rent tax?

30 **MR HARTMANN:** I mean, there are a broad range of mechanisms there, so there's no generalisation there. But just in terms of - I guess the point here is that the justification for not collecting - one of the justifications for not collecting resource rent was that the fisheries aren't that valuable, and our counter there is actually they are, it's just how you measure it, and that bit of paper that says you can access the resource and you can capture it, in terms of, you know, one state fishery alone, is \$500 million, so that's a substantial value.

35 And it's just - yes. So it's just - our concern was that using something like the Yukon Search reports can lead to a bit of a misleading perspective on that.

45

**MS OGIER:** Yes, and that that measure is appropriate in other contexts, but from a resource economics point of view, valuing the - - -

**MR HARTMANN:** Yes, yes, absolutely.

5

**MS OGIER:** The value of the product, of the common pool resource, sorry, that a different measure is more appropriate.

10 **MR HARTMANN:** Yes. So that is a decision that in South Australia they've made on how they want the fishery to be evaluated economically, but in the context of deciding how big the possible resource rent is, of which you might like to collect a portion, that's an inappropriate way of measuring it.

15 Yes. Yes, so that was the main thing I just wanted to reiterate there, was that there are actually many valuable fisheries, so collecting resource rents from them is a feasible thing to examine. And also that it doesn't need to be a complicated mechanism. So as Emily mentioned before, there are things like research quota allocation that provides a very simple way of  
20 collecting part of the resource rent.

Overseas there is, you know, some examples where fishing licences for SBT, for example, have increased dramatically in Indonesia to recover more of that resource rent for the public.

25

**MS CILENTO:** Okay, well, thanks for your time.

**MR HARTMANN:** Thank you.

30 **MS CILENTO:** When might we expect your submission?

**MS OGIER:** It's due at the end of today, isn't it? We'll be working on it shortly.

35 **MR HARTMANN:** Yes. It's mostly written, we're just - we'll address the comments you've requested.

**MS OGIER:** We'll add these to the comments, yes.

40 **MS CILENTO:** Yes, great.

**MR HARTMANN:** Yes.

45 **MS CILENTO:** I mean, with all the work we do, it's always helpful, I mean, for, you know, evidence or pointers to where this has been done,

because it won't surprise you that - I mean, a priority for us is to actually try to make recommendations that we think are able to be implemented, and implemented in a way which actually delivers the result that you're after.

5

And so where there's examples and you've highlighted some, but that's useful for us to consider.

10 **MR HARTMANN:** Yes, yes, yes. So I mean, that's one of the problems where there are a lot of open questions that remain in terms of how best to do things.

**MS CILENTO:** Yes.

15 **MR HARTMANN:** And it's an active area of research, so there's not - -

**MS CILENTO:** No, no, no.

20 **MR HARTMANN:** It's not necessarily that it will remain unanswered forever.

**MS CILENTO:** Yes, yes.

25 **MR HARTMANN:** So there are better answers coming down the track. So I guess my main concern is that things aren't locked into a situation where once better solutions become available you can't implement them - -

30 **MS CILENTO:** Yes.

**MR HARTMANN:** - - - without disadvantaging someone substantially.

35 **MS CILENTO:** Yes. Thanks for that.

**MR HARTMANN:** Thank you.

**MS CILENTO:** All right. We're ahead of schedule. Very efficient.

40

**ADJOURNED**

**[12.04 pm]**

45 **RESUMED**

**[1.45 pm]**

**MS CILENTO:** Thanks for coming in, Allan.

**MR HANSARD:** Thank you, no problem.

5

**MS CILENTO:** So we'll resume the hearings. Just for the sake of occupational health and safety, in the event that we have to evacuate, please proceed to follow the green exit signs down the stairs and out to the street. Please don't use the lifts. If you're unable to use the lifts, make yourself known to a fire warden, and if the fire warden's there you should of course listen to them at all times.

10

The muster point is over that way, once you get out onto the street, or you can just follow us. Sorry.

15

**MR HANSARD:** Sounds a great idea.

**MS CILENTO:** I try to do the right things here. So thanks for making the time to come and speak with us today. Happy for you to make any introductory observations, or just go directly to comments on the draft report.

20

**MR HANSARD:** I'd like to make an introductory statement, if that's okay.

25

**MS CILENTO:** Sure.

**MR HANSARD:** It's just short.

30

**MS CILENTO:** Yes.

**MR HANSARD:** And then I'm happy to take questions or discuss any issues therefrom, okay? Okay. Can I kick off, or - ready to go?

35

**MS CILENTO:** Please do.

**MR HANSARD:** Okay. Thank you for the opportunity to address the Productivity Commission's public hearing for the inquiry into marine fisheries and aquaculture. I am here representing the Australian Recreational Fishing Foundation (ARFF).

40

The ARFF was formed in 2012 to unite recreational fishing representation around Australia. ARFF members and supporters include all national recreational fishing organisations, the fishing tackle and boating industries. It also includes the key recreational fishing organisations at the

45

state level. This is why we say ARFF represents recreational fishing community.

5 ARFF welcomes the Productivity Commission's draft report for the inquiry into the marine fisheries and aquaculture. ARFF welcomes the statements made in the draft report on the need for greater recognition of recreational fishing by governments, and in particular for fisheries management.

10 It should be noted that the broader community is recognising the range of benefits recreational fishing brings to our nation, as is evidenced by Australia's first national Gone Fishing Day that will be held this Sunday on October 16.

15 It is the view of ARFF that recognition of recreational fishing in Australia needs to be translated into real action in relation to implementation of appropriate processes within government. These processes should recognise the significant economic, social and environmental benefits of recreational fishing to Australia and provide genuine engagement and  
20 consultation on policy, development and implementation.

In this theme, there are some issues we wish to raise with the inquiry, and we'll be providing greater detail on them in our written submission. The first is government recognition of recreational fishing. And I note the  
25 objectives of the Fisheries Management Act in these statements.

We note that as an election commitment, the current government has stated that they will recognise commercial fishing, Indigenous fishing and recreational fishing within the Fisheries Management Act 1991. We  
30 would like to see this implemented as soon as possible.

Perhaps just as important is ensuring the objectives of the act and any changes to the objectives or other parts of the act are appropriately reflected within the respective government departments and processes. To  
35 this end, we would suggest reviews of the following: the Department of Agriculture in relation to how it deals with the development of recreational fishing related policy and implementation; the Australian Fisheries Management Authority in relation to how it includes recreational fishing into the development and management of Commonwealth  
40 fisheries; the Fisheries Research and Development Corporation (FRDC) in relation to how it establishes priorities, funds and coordinates research into recreational fishing issues; the operations of other departments where they have an associated responsibility for developing and implementing policy that impacts on recreational fishing activities.

45



I would like to also now refer to information on recreational fishing. The draft also raised the issue of available relevant information relating to recreational fishing in Australia. ARFF agrees that this is an area that requires immediate attention. The level of economic, social and scientific information relating to recreational fishing at the national level is poor, given the popularity and breadth of economic and social engagement.

State level information is better. However, it is our view that information gathering in many states is not sufficiently developed to allow confidence in making key policy or fisheries management decisions for recreational fishing. ARFF recommends that a national survey of key economic, social and environmental information be undertaken immediately. We also recommend that the survey be sufficiently planned and funded to allow a maintained timed series of key national information to be establish. We recommend that this also be linked to improving information at the state level.

I would like to now move on to decisions on the Commonwealth and marine reserve system. ARFF is also concerned about how decisions about recreational fishing are made by other key departments within the government. A case in point is the current review of the Commonwealth marine reserve system. Decisions made about the system can have significant implications on the future of recreational fishing in Australia. It is disappointing that the independent scientific review into the CRMS did not address the government's policy on marine reserves.

In our opinion, the recommendations on access to reserve zones did not reflect the government's policy, and also did not appropriately account for the economic, social and environmental implications of their recommendations.

For example, though the review recommended that recreational fishing be excluded from over one million square kilometres of ocean, including many iconic recreational fishing spots, they concluded that there would not be any significant impacts of such a recommendation. This conclusion ignores the significant size of recreational fishing in Australia, the associated communities and businesses that underpin recreational fishing throughout Australia, and the significant impact on potential future development of recreational fishing in Australia (option value).

I thank the Productivity Commission for the opportunity to appear today, and remain willing to provide any further information to the Commission as required.

**MS CILENTO:** Thank you for that, Allan. If I can just start by sort of

just talking a bit more about the issue of collecting sort of relevant information, we made some recommendations in there about survey and timelines for repeat surveys and the like. Were they broadly in accordance with your suggestions or your thinking about what needs to happen?

**MR HANSARD:** Yes, I think at the national level it's important that - obviously the timing of the surveys is important. I think five years is probably okay to begin with. We'd probably suggest that in the first cut it might be worth doing it, say, three years - doing it every three years.

The reason for that is we don't actually know the variability of these key numbers, and setting it every five years may not necessarily be appropriate in the first instance, and until we actually test this in a timed series way we have no idea of knowing whether five years is appropriate or not.

**MS CILENTO:** Okay.

**MR HANSARD:** The other key thing here is that we have noticed in the past that there's been an ad hoc approach to actually collecting this data at the national level. It's been quite ad hoc. We strongly recommend that any future development of a survey take into account the ongoing maintenance of a time series of this. This means that there needs to be commitment over time to undertake the survey over a period of time. Like, it just can't be one shot, it needs to take into account the maintenance of the data and so it can be collected periodically and it has the funds to be collected periodically.

If we don't do that, we're in the same situation as we've had in the past where it becomes an ad hoc process which is not really very satisfactory.

**MS CILENTO:** Yes. So one - so there's a number of different elements of sort of information gathering, if you like, that we've sort of touched on in the report, and one is about the sort of - the fishing activity itself and where people are fishing and how often and catch and all the like. The other thing that we've sort of - we raised in the report and something we sort of grappled with, I have to say, a little bit is how do you get a sense of what the value - sort of broader value or benefit of recreational fishing is to the community and to the economy? Have you got any views on what the best way is to get your hands around that?

**MR HANSARD:** Look, there have been attempts to actually determine or estimate the value of recreational fishing through various parts of the chain, and this is probably the thing where we need to do some work, and that's in relation to setting up an appropriate framework to assess the

economic value.

5 ABARES has recommended one way of doing that, and has put forward an approach to do that. But I note some of the other states have also undertaken economic studies and have come up with other approaches. I think whatever happens going forward, we need to make sure there's consistency at the national level as well as the state level, so they can be matched up.

10 I'll give you an example. You know, the value of recreational fishing has been estimated before nationally at around about two to three billion dollars, you know, roughly. There was a recent report done in Victoria that estimated that within the state alone the value is over \$7 billion, so we need to be very careful that we set up a method and a framework that is  
15 consistent, I think, and provides consistency not only at the state level but matches also with the national approach as well.

**MS CILENTO:** We feel - - -

20 **MR HANSARD:** Does that answer your question, or - - -

**MS CILENTO:** Yes. I mean, we - you'll see in the report we make known our views on some of the approaches that are taken to calculating that value, but if there are things that you think are worth us being more  
25 aware of from your perspective in terms of how that might be done or the types of issues - the types of information that should be gathered in a consistent way, both from understanding the activity itself but also the value, that would be useful to include in your submission.

30 **MR HANSARD:** We probably recommend at the national level that the ABARES approach be adopted as the framework. You know, we were involved through the FRDC project that determined that, and that's quite a sound approach.

35 I think there again it comes back to the real value of that will be getting a time series of it and being able to actually see the changes that occur over time, and actually what's happening to recreational fishing not only at the national level but, you know, through the state levels as well. So you know, that would be our recommendation on that.

40 **MS CILENTO:** Sure. You talked about the need for different government departments and processes to sort of better reflect and take into account recreational fishing activity. Did you want to add to that now? I mean, I was particularly interested in the comments around  
45 Department of Agriculture and AFMA.

5       **MR HANSARD:** Yes. You know, obviously recreational fishing needs to be taken into account as a user stakeholder in the resource. In the past I think we've commented that we don't think that's been appropriately done. It's been basically - if you have a look at the - so the Department of Agriculture, AFMA and even the FRDC have really focused on the commercial sector, and so though they've, you know, professed to take into account recreational fishing, we don't think probably it's been appropriate to the way they've done it to actually take into account the size and contribution of recreational fishing as a user stakeholder.

15       An example would be, say, the MACs and RAGs in AFMA. I think if you have a look at those MACs RAGs, they are made up of a number of commercial fishers, but not, say, one observer or one member from the recreational fishing community. That's probably not sufficient, and also we question whether the MACs and RAGs are the best way to go in relation to actually bringing stakeholder input into the management - the development and management of these fisheries. We'd probably like to see, say, as part of a review of AFMA, that addressed, and explored whether that is the appropriate way to actually develop and manage fisheries, given that they've now said that they want to bring in not only commercial fishing but Indigenous and recreational fishing into the act.

20       **MS CILENTO:** What would be your preferred sort of alternative to those sorts of arrangements?

25       **MR HANSARD:** We'd like to explore that with the government. Obviously there is a number of ways you could go about it, but I suppose what we'd like to see is that whatever process is set up, that it's genuine, that is - provides appropriate engagement, not only in policy development, which is important, but also in implementation as well. We think that they are two key things.

30       And that doesn't mean just consultation with us. It means actually real genuine engagement in relation to reflecting our views into fisheries policy and the way it's implemented.

35       **MS CILENTO:** There are a couple of other sorts of recommendations throughout the report that touch on or have implications for recreational fishers, including some of the issues around compliance and how we might achieve enforcement of regulations, but also what the appropriate types of management strategies and controls are in higher value fisheries. Did you have any comments on either of those?

40       **MR HANSARD:** This is in relation to, I think, the comments you were

making in relation to licensing as well, was it, or - - -

5       **MS CILENTO:** Licensing is an issue that everyone has picked up on in this sector. I mean, I think we were highlighting that from the perspective of largely using it as a vehicle for gaining information. But we also touch on how you get the compliance and enforcement and management right in terms of not having endless resources to ensure that people are doing the right thing, so we've talked about the balance between the risk of being caught, for want of a better description, and the sorts of penalties that might apply. Is that something that's of interest to your organisation, or that you've got - - -

10       **MR HANSARD:** Definitely. Our comments in relation to that is, you know, recreational fishers are, like, quite heavily regulated now. In some instances it could be argued that we are more heavily regulated than the commercial sector.

15       There always is this issue about compliance, how you actually monitor and regulate what goes on on the water. I think that's - more than anything, that comes back to being able to communicate appropriate messages about that to the recreational fishing community, and we would probably prefer to see that used as a way to perhaps get some - get change if there's needed to be change in relation to that, than putting more heavy regulation on or increasing the level of patrolling, for example.

20       Like, recreational fishers by nature understand, you know, their environment around them, and they largely do comply with a lot of regulations, input and output regulation. Obviously there's a lot of us, and I think a lot more can be done in relation to education of recreational fishers in relation to that.

25       Now, on that level, we've recently just released a code of practice for recreational fishers, and that's all about having respect for not only the fish they catch but also the rules, also the environment that they interact with, also others that they interact with as well. And that's all about bringing in some self-regulation, if you like, in relation to the way that we conduct ourselves in relation to the fishery and the environment.

30       Perhaps, you know, in the first instance we'd probably rather see that as an approach than moving into more heavily regulated and patrolled approaches.

35       **MS CILENTO:** How did you communicate the code of practice, or how do you plan to communicate the code of practice?

40       45

5 **MR HANSARD:** Well, interestingly we've only just released it, but we aim to do it basically by a number of ways. We have - as you said, there is the national Gone Fishing Day on Sunday, and we're using that as a major launch for it. But there's one thing in relation to - there's a couple of things in relation to communicating with recreational fishers. There are licences, and we're working with the state governments to actually make sure that when people renew their licences they're aware of the code.

10 And the other thing is, is that there's one thing in a recreational fisher's life that they do, and they do go into tackle shops, okay? And we have connection with tackle shops right throughout Australia, so we're starting a campaign to actually get the code put out through the stores so when you come into a stores and buy some gear, we would like the store attendant to be saying to you, "And do you know there's a national code of practice?  
15 And do you know if you abide by this you're protecting, you know, the future of recreational fishing in Australia and looking after, you know, our unique fishery for future generations?"

20 **MS CILENTO:** I didn't have any other questions. Did you have anything else you wanted to add?

25 **MR HANSARD:** No. I'd just probably like to reiterate that I think we do acknowledge that the government has recognised that they have to do more about recreational fishing. We do recognise that they, you know, have wanted to include us in the act. But for us, that will be only as effective as that translates through to how it is then enacted by the departments, because being in the act is great, but actions will actually really determine that, how effective that is.

30 And noting the act at the moment, if you read the objectives of the act, I'm sure you have, you'd have to question a little bit whether those objectives are really met now, because very much if you read them in the broader sense they're about maximising the economic value of the fisheries for all Australians, for all stakeholders, and you'd have to question whether the  
35 process at the moment that we see actually really does that.

Perhaps the government's response in relation to wanting to recognise recreational fishing and Indigenous and commercial in the act actually is recognition that that - you know, that something needs to be done there.

40 **MS CILENTO:** Yes. It's certainly a point that we make, I think, throughout the draft report in terms of acknowledging that there's different types of value that derive from fishing, some of it clear and monetary, but also the broader societal and cultural values that accrue to  
45 recreational fishers and Indigenous customary fishers in particular.

5 It sort of goes back to the conversation we were having earlier about, you know, what the best way is to try to account for that, particularly when it's not clear cut, and the benefits are many and varied, and would be across recreational fishing, much less including other groups of fishers in that, so I think, you know, one of the strong points we try to make is at the very least there needs to be clarity about the fact that there are those broader considerations that need to be taken into account, and there needs to be a process to ensure that that's done in a consistent way, and I suspect that that will evolve over time subject to the information that's available.

15 **MR HANSARD:** Also, if I could comment too, I think we did appreciate what the draft did do in exposing some of the - what we consider would be essential steps to put recreational fishing on more of an equitable footing with other user groups, and that's particularly in relation to the frameworks for, say, resource sharing for instance.

20 The actual framework to actually set up a resource sharing mechanism that takes into account the value of use of that fishery is very important to us. At the moment, we've touched on - we don't think the data's there.

25 The other thing is we - you know, I know ABARES has been doing some work in relation to this area in relation to, you know, what is the framework for resource sharing, but we think there's a lot more work that needs to be done in relation to not only the theoretical representation of that, but how do you practically then implement that into a fishery in a practical sense? How do you actually operationalise it? And what do you need to actually do that?

30 And there's some key issues there, I think. A lot of what you've said in your draft report relates to that, you know, and are key elements of that.

**MS CILENTO:** Yes.

35 **MR HANSARD:** So you know, we would encourage, you know, you to also, you know, look further in relation to that, and perhaps explore what are those key elements that you would need to do to underpin a framework that would allow, you know, appropriate resource sharing between all stakeholders of the fisheries.

40 **MS CILENTO:** And do you have sort of, you know, principles from your organisation or that you think should apply that we should be thinking about in that next step about how to operationalise these things, or - - -

45

**MR HANSARD:** Yes, we do. I haven't them here, but we will certainly be able to put them to you in our submission. They're all very much about recognition of the value, though.

5       **MS CILENTO:** Yes.

10       **MR HANSARD:** And this comes back to some of the discussion we had a little bit earlier about, you know, the value of recreational fishing, what is it. It is an activity - a lot of people don't value recreational fishing based on the fish they catch. In fact, they let them go half the time.

15       **MS CILENTO:** Yes.

20       **MR HANSARD:** If you valued recreational fishing on the value of the likely catch then it'd be minor compared to the actual true economic value. But there's also the social value, and there's also, I think, the option value. I did talk about option value in relation to the way we consider, particularly in relation to planning processes, and marine park planning processes are a key one - I think we're often lost in those sorts of processes, and they don't consider that there actually is an economic, social, environmental cost associated with the decisions they make on us. They seem to think, oh, well, you only just fish, but they don't consider that, you know, we have, you know, businesses and communities that actually underpin our activity, and that our activity is growing, and that value to the community will grow too.

25       Say for example tourism. I think Tourism Australia estimated that 5 per cent of the people that come to Australia actually fish, come here to fish, and I think rough estimates were that's valued around about 50 - no, \$500 million a year. You know, that's not insubstantial. And that could potentially grow quite a lot. So just even on that aspect of it, you can see the value of recreational fishing can be quite significant, and could be quite significant to a lot of communities where those activities occur.

30       So we just really think there can be a lot more work done in relation to setting up frameworks within government when they are assessing these sorts of planning processes aimed at trying to capture the value of recreational fishing more in that planning and decision-making process.

35       **MS CILENTO:** Well, thank you for that.

40       **MR HANSARD:** That's all right.

45       **MS CILENTO:** And we'll look forward to your submission. I have been asking people when we might expect submissions, with the team



reminding me that submissions close today.

**MR HANSARD:** Yes, we actually have asked for an extension. We would really appreciate if we had until the end of the month.

5

**MS CILENTO:** I'm looking around thinking our final report is due in December, so the comment we make to everyone, the sooner you get it in, the more we can take it into account.

10 **MR HANSARD:** Okay, point taken, thank you.

**MS CILENTO:** Thank you.

15 **ADJOURNED** [2.17 pm]

**RESUMED** [3.22 pm]

20 **MS CILENTO:** Hi Harry, it's Melinda speaking. How are you?

**MR PETROPOULOS:** (indistinct)

**MS CILENTO:** I'm sorry, I didn't catch that name?

25

**MR PETROPOULOS:** (indistinct)

30 **MS CILENTO:** Thank you for that. Thank you for joining us, and I really appreciate you joining us a little bit earlier than planned. Thanks for accommodating us. Just before we start, I should just remind you that we are recording this for the purpose of making a full transcript, so just so that you're aware of that, and obviously you're not required to take an oath or anything like that, but there is a reasonable expectation that you would be truthful in your remarks, if I can put it that way.

35

**MR PETROPOULOS:** Yes, I understand.

40 **MS CILENTO:** Fair enough. I'm happy for you to just sort of make some introductory remarks or go straight into any feedback that you might have on the draft recommendations and report.

**MR PETROPOULOS:** (indistinct)

45 **MS CILENTO:** Thank you.

**MR PETROPOULOS:** (indistinct)

**MS CILENTO:** You're a little bit distant, but we can hear you?

5 **MR PETROPOULOS:** (indistinct) I think there's been some good work done. We agree with all recommendations except the recommendation - recommendation 9.1.

10 **MS CILENTO:** Okay. Would you like to explain your thinking behind your position on 9.1?

15 **MR PETROPOULOS:** We think - it's an esoteric discussion, but I think we've been campaigning for a long time, as have other associations in other states, to have origin labelling applied across the country, certainly in our state.

We think there are enormous consumer benefits in having that labelling clarified. As you know, Northern Territory's (indistinct) it recently. We don't accept the argument that the food safety of the discussion is already catered for in Australia, so therefore country of origin labelling isn't required.

20

25 **MS CILENTO:** I guess one or two other people have sort of made the same observation to us. I guess the question that I might start with is that if there is such a compelling benefit, if you like, and the costs are limited, I'm interested in why you don't think the voluntary uptake has been greater than it has?

30 So I guess, you know, one of the things we always grapple with is voluntary versus mandatory.

35 **MR PETROPOULOS:** Well, I think part of the answer lies in the fact that nearly all of our seafood is imported. 69, 70 per cent is from Asia, and I think - we think the country of origin breakthrough in labelling would make Australians, certainly South Australians - would make them - would allow them to become more informed and would allow them to make better choices.

40 We think that there's little industry compulsion to actually move in that direction because it is going to be - it is (indistinct) to a degree, and as we found in Northern Territory, it wasn't easy, but once it's introduced I think that there are downstream benefits.

45 **MS CILENTO:** So just on that, I mean, I guess it would be interesting to know if you've got some evidence based on the food labelling within

supermarkets, for example, to show that that's led to a change in consumption patterns consistent with that which you're arguing for food for immediate consumption?

5       **MR PETROPOULOS:** Well, the only retail exposure we have in South Australia through our association is through a small group of supermarkets called Adelaide's Finest Supermarkets, and we've run a campaign with them since about November last year, and through more effective labelling and through more effective promotion, on-site promotion, in seas on-site promotion I should say, they've almost doubled their sales.

15       **MS CILENTO:** Do you think, Harry - I guess the interesting question for us is the extent to which that improvement in sales reflects the labelling as distinct from the more proactive promotion would be something that we'd be interested in.

20       **MR PETROPOULOS:** Well, that's a good point. I think it's hard to tease out one from the other, but I think there's definitely a contribution in terms of the labelling. And it's also borne out by the fact that they want to have another three year association with us. We've just signed contracts just recently. And labelling is an integral part of that.

25       **MS CILENTO:** Yes. Again, I think I come back to the question around the voluntary nature of that arrangement and the mutual benefit from that as distinct from requiring all outlets to have to undertake the same labelling process.

30       **MR PETROPOULOS:** Well, we do it for fresh seafood. Why wouldn't we do it for processed food?

35       **MS CILENTO:** So I guess I'm wondering if you've done it with that supermarket chain, has it been something that you've thought about undertaking through a select group of restaurants, for example, or other sort of outlets which sell food for immediate consumption where you've engaged in a similar sort of labelling and promotion campaign, and whether you've seen the same results there, or whether you've thought about that at all, and if not, what do you see as the difference for you in, you know, for sale - for retail sale versus for immediate consumption.

40       **MR PETROPOULOS:** I think we have thought about it, and we've got some ideas and some plans to roll out independently of any labelling done at the national or state level. But we're just a humble small association that has got limited resources. For us to actually undertake that sort of project it would really drain us of any disposable income we've got. We

45

really see it as the position of government to actually enact that sort of process.

5 **MS CILENTO:** Yes, I guess it would be helpful for us if there was any  
sort of evidence that you could provide about the - what you think were  
the benefits of the labelling aspect versus the promotional aspect, because  
again, I'm sorry if I sound like a broken wheel, but there is some cost  
associated with imposing the labelling requirement, and if, in your  
experience, what's happened is that it's largely the promotional aspect, I  
10 think what we would expect is that the results wouldn't be consistent with  
what you've experienced or are outlining for us today, and it would - you  
know, for us we're always having to approach this from the perspective of  
a net benefit basis, which does need to take into consideration the cost  
aspects across all producers.

15 **MR PETROPOULOS:** I agree, and I think we're not going to solve that  
issue today, but I think we're happy to engage with the Commission or  
any other interested party to explore that and to put some statistics around  
the argument.

20 But I guess it comes back to first principles. We're of the view that  
certainly in South Australia the mix of imported versus locally sourced  
seafood isn't optimised by any stretch of the imagination. We think  
(indistinct) we think there's slippage within the industry. We accept and  
25 agree that Australia as a nation would never be able to come self-  
supporting in terms of its seafood needs, but we don't accept that the  
current mix is actually optimised.

30 So we think anything you could actually do to promote local seafood and  
to give people the choice, an informed choice in terms of whether we're  
going to have a piece of bass or piece of garfish for dinner tonight, we  
think that's a good thing. And we actually want to encourage that sort of  
dialogue in the community.

35 **MS CILENTO:** Fair enough. If there's any evidence that you've got,  
either from Australia or elsewhere, about the benefits that have accrued  
through labelling, that would be useful. I guess the other thing that we  
focused on in our inquiry is the cost base in the sense of more broadly,  
and I was just wondering whether - I know you've observed that you  
40 support the recommendations, but whether there's anything that we've  
missed or you'd like to add to it in terms of reducing, you know, costs or  
unnecessary regulations within the sector, which of course would then  
help in terms of price competitiveness, which of course is one of the  
issues that we hear about in terms of imported versus domestically  
45 produced product.

5 **MR PETROPOULOS:** Well, look, there's a couple of points that we would like to make, and again, notwithstanding that, we accept the recommendations (indistinct) talked about. We think that the report probably underscores the importance of the whole cost recovery debate. I know you've looked at it in detail, you've made some suggestions and observations, but - and this may be endemic to South Australia, but we - we actually think the system is broken, and cross-subsidisation is occurring, we think it's quite rampant. This whole issue of uncontested R&D arrangements (indistinct). These are all things that should be dealt with explicitly and dealt with firmly, so that people - certainly licence holders within the state and other states I assume can have transparency and can actually make informed decisions about whether or not their industry is actually sustainable from an economic point of view.

15 I know you make the point, and you've made it reasonably well, but I don't think - we'd like to underline that point in a more tangible sort of way.

20 **MS CILENTO:** So apart from emphasising that point, is there anything that you think we may have missed in the arguments that we've presented there, or things that we could go further on?

25 **MR PETROPOULOS:** You've identified that there's an issue. We'd like to, I guess, re-emphasise that it's not only an issue, it's actually quite a significant barrier to the industry's fishing sustainability. I don't think that point is made quite as emphatically.

30 **MS CILENTO:** Okay.

35 **MR PETROPOULOS:** Now, you might disagree, but from a South Australian perspective 85 per cent of our time is dealt with challenging, questioning, debating, complaining about cost recovery, and it's quite a distraction (indistinct).

40 **MS CILENTO:** So just to make sure I've got that last comment right, so you're saying that the bulk of the time that you spend in engaging with the fisheries managers and regulators is around debates around the costs of the division of services?

45 **MR PETROPOULOS:** Absolutely, and in fact we've just left one AGM here for the abalone (indistinct) again cost recovery features prominently in all the proceedings. It's - everywhere we go there is this strong antipathy towards (indistinct) and their current approach to cost recovery, which I think is quite unhealthy, and I'm not sure whether it's (indistinct)

driven or if it's being, you know, passed down from the minister. Irrespective, it really is a drain on industry's resources and should be addressed, and I think your report certainly accents the point. We'd like to just emphasise again that for this state it's a big issue. And if we can't  
5 get past that issue, it's really hard to see how the industry can actually progress.

**MS CILENTO:** Okay. If I can just go back to the point we started in terms of mandatory labelling, are there any barriers or disincentives for  
10 you to collaborate across industry with the food services sector to actually better promote or label on a voluntary basis?

**MR PETROPOULOS:** No, look, we can do that. That's - we have done that to a degree in the past. Not on a concerted basis, but we have done  
15 that, and I agree with you, I think that's a very good suggestion.

**MS CILENTO:** Okay. Is there anything else that you wanted to add in respect of any of the other recommendations or findings in the report?

**MR PETROPOULOS:** Just a point of clarification. I've got (indistinct) but in part of your report, the body of your report you said that - you made the reference to South Australia - sorry, the Commonwealth and South  
20 Australia being seen as almost the exemplars in terms of marine parks and zoning process. And again, forgive me, I haven't got my notes with me, but you can - I think you'll see (indistinct).  
25

**MS CILENTO:** Well, why don't we - without debating that, why don't you let me know what your observations would be about that process?

**MR PETROPOULOS:** Oh, well, I think the potential for having got that right was significant. We have a progressive act. We've got some smart people, both in government and in the various fisheries. But the whole marine park process I think was hijacked in the end and I wouldn't want to sit - I wouldn't want South Australia to be seen as the exemplar in  
30 terms of the process.  
35

There was a scathing parliamentary inquiry, upper house committee. There were a whole bunch of calamitous issues around the marine park discussion at the time, and so I wouldn't want to hold South Australia out as being the exemplar.  
40

**MS CILENTO:** All right. Are there specific suggestions that you wanted to make in regard to how to improve that process, or would you point to someone else who's doing a better job of that?  
45

5 **MR PETROPOULOS:** I'm not sure who's doing a better job, but we had an awful experience in South Australia. I think that came back to duplicity and came back to lack of goodwill in terms of the participants involved, so it's just a small point. I think if you just take South Australia out of that statement, we'd be happy.

**MS CILENTO:** And anything else - - -

10 **MS ROMEO:** May I add a couple of points? It's Franca Romeo here, the executive officer for Wildcatch.

**MS CILENTO:** Thank you, Franca.

15 **MS ROMEO:** I'd just like to clarify that the process with marine parks with the lag process was a very good process. Where it fell down was you had members of the industry, members of the community, government department, all working together to come up with an agreed or an agreed way forward. What then happened - that process was fantastic, but what  
20 then happened was the department just came in and said, "Well, no, what you guys have come up with is not enough, and so we're going to do what we want anyway, so that process was (indistinct).

**MS CILENTO:** Okay, thanks for that clarification.

25 **MS ROMEO:** And the other part I'd like clarified too was on cost recovery and the comment Harry made, and it touches on one of the other things that was recommended with regards to the recreational sector and recreational licensing. If we can't get a consistency in the interpretation and application of cost recovery for the commercial sector sorted, it's  
30 going to be very difficult to convince another sector to take on the same model.

**MS CILENTO:** Okay, that's a good point. Thank you for that. Is there  
35 anything else you wanted to add, Franca?

**MS ROMEO:** No, that's it from me, thank you.

**MS CILENTO:** And Harry, any other observations on anything else, any  
40 of the other findings or recommendations in the report?

**MR PETROPOULOS:** No, I think we're good.

**MS CILENTO:** And are you going to be putting in a submission on the  
45 draft report, or - - -

**MR PETROPOULOS:** I thought we - - -

**MS CILENTO:** Have you?

5 **MR PETROPOULOS:** We can do that.

**MS CILENTO:** That was actually just for my information. If there's nothing that you wanted to add above what you've - the comments you've made today, that's fine.

10 **MR PETROPOULOS:** Okay, that's good.

**MS CILENTO:** All right, well, thank you for your time.

15 **MR PETROPOULOS:** Again, thank you for doing the work.

**MS CILENTO:** Okay, thanks very much.

**MR PETROPOULOS:** Okay, bye bye.

20 **MS CILENTO:** Bye.

**AUTOMATED VOICE:** Harry has left the conference.

25 **MS CILENTO:** Hearings are closed and adjourned until Monday in Fremantle.

30 **MATTER ADJOURNED AT 3.43 PM UNTIL  
MONDAY, 17 OCTOBER 2016 AT 9.30 AM**





**Australian Government**  
**Productivity Commission**

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**PRODUCTIVITY COMMISSION**

**INQUIRY INTO MARINE FISHERIES AND AQUACULTURE**

**MS M CILENTO, Presiding Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**AT FREMANTLE  
ON MONDAY, 17 OCTOBER 2016 AT 9.30 AM**

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**MS CILENTO:** Good morning, everyone. Welcome to the public hearings for the Productivity Commission's inquiry into marine fisheries and aquaculture following the release of our draft report in August of this year.

5

My name is Melinda Cilento and I'm the presiding Commissioner on this inquiry. Before we begin, I would like to acknowledge that we're meeting on the lands of the Wadjak people and pay my respects to elders past and present.

10

The purpose of this round of hearings is to facilitate public scrutiny of the Commission's work and to get comments and feedback on the draft report. This is the last of the public hearings that we'll be holding. Following the completion of these hearings, we'll be working towards completing a final report to government having considered all of the evidence presented at the hearings and in submissions as well as other discussions.

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Participants and those who have registered their interest in the inquiry will automatically be advised of the final report's release by government which may be up to 25 parliamentary sitting days after completion. Our intention is to have the report completed by late December. We like to conduct all hearings in a pretty informal manner. But I would like to remind participants that a full transcript is being taken. For this reason, comments cannot be taken from the floor. But at the end of the proceedings I will provide an opportunity for any person wishing to do so to make a brief presentation. I don't think we've got any media in the room.

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Participants are not required to take an oath but should be truthful in their remarks. Participants are welcome to comment on the issues raised in any other submissions which, of course, are posted on our website. The transcript will be made available to participants and will also be made available on the website following completion of the hearings.

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Before we ask our first participant to start off, I do need to advise you of evacuation procedures to comply with Commonwealth occupational health and safety requirements. There are two exits from the room; here on my right, your left, and also at the back where you entered the room. In the event of an emergency, we would proceed through the back door, past the lobby and straight out into the street where there's a meeting point out on the street. If that exit were blocked for any reason, we're able to proceed out to my right and in the same direction out through the lobby. If we need to do that, my understanding is that we'll have hotel assistance.

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5 If you require any assistance at any stage, Chris from the inquiry team is here with me. Please see him and he can help you out. Coffee and tea is out the back at the entrance and will be available until 11.00. So make sure you grab a cup before then. Can I now welcome George Kailis to make a presentation for us?

10 **MR KAILIS:** Thank you, Commissioner. My name is George Kailis. I'm executive chair of the MG Kailis Group, professor of management and law at the University of Notre Dame, Fremantle, and a director of the West Australian Fishing Industry Council. I'm not here representing any of those parties, but I certainly am drawing on my expertise and my experience with those organisations.

15 My sort of preliminary statement really relates to some of the broad themes underlying the report and I suppose a request to the Commission perhaps to highlight to some degree to a high level questions of public choice in relation to fisheries management. A key early theme I'd like to rest upon is the legal nature of fisheries. I don't do this to be some sort of legal pedant about these issues or economic pedant, but there's a difference between a common pool resource, which is an economic concept - and I'm referring here to Grafton's 2012 - and Tom Kompas, Australian authors, economists - about common pool resource.

20 The essence of a common pool resource is that where use is rivalrous, where one person's use harms others and the ability to exclude users is difficult. It's distinguished, but not always clearly, from a common property resource, which is a resource over which a community or group of individuals have access to and, to some extent, able to exclude others. And some of these issues about rivalrous use. The reason I think it's important to keep the distinction separate is that there's a tendency to confuse questions of law with questions of economic theory at different times.

30 So where economists have started using common pool resource such as Tom Kompas and Quentin Grafton because the common property argument was - people had clearly seen that it implies that somehow fish resources is the property of the community. The Commission at page 41 does use the word "community owned". The essence of fish resources is that they are unowned until captured; and secondly, that the state under common law and almost certainly under the law of Australia doesn't own fisheries. This is despite statements to the contrary in some legislation such as Victoria and Tasmania.

40 But it's fairly clear from the context that those statements of ownership are really basically to avoid problems with section 90 of the Australian

Constitution while those states are trying to tax access to those resources. The key statement I think - the best summary of this, I'd rather say, is actually from the High Court in the case *Harper v Minister for Sea Fishery*. This is the abalone fishery 1989 in Tasmania. There was  
5 questions about taxing control, section 90 and so on.

So Brennan J who led the lead decision made it - there was a lot of argument over this question of ownership and did the OCS arrangements give ownership of resources that would otherwise be unowned. Brennan J  
10 after having extensive comment on that, he just said, "Look, the legislative arrangements between the Crown and Tasmania testifies to the consent of the Crown to the creation of those rights," in this case quota rights. He referred to the creation of rights rather than transfer of rights.

15 In other words, if the state owned it, it would be - or the Commonwealth that owned it, it would be transferring those rights to the state. He's just saying, "Look, these are just legislative regimes." In a similar vein - and I think this is one of the best modern statements in relation to what it is from both a legal sense that we're looking at is the joint judgment of  
20 Mason CJ and Deane and Goode JJ. This is a rare unanimous decision by the High Court, by the way. It doesn't happen all the time.

It says, "What was formerly in the public domain is converted into the exclusive and controlled preserve of those who hold licences. It is  
25 entitlement of a new kind created as part of a system of preserving a limited public natural resource in a society which is coming to recognise that, insofar as such resources are concerned, to fail to protect may destroy and to preserve the right of everyone to take what he or she will may eventually deprive that right of all content. Under this licensing system  
30 the general public is deprived of the right of unfettered exploitation."

I really think it's an excellent summary. But the comment there is it's an entitlement of a new nature. It doesn't draw on some pre-existing ownership. Why this is relevant to fisheries is that fisheries, because of  
35 there isn't this fundamental underlying ownership, tends to be in the public domain of a range of conflicting rights and duties. The American author Blomquist talking about water rights, which in many respects have actually a closer relationship to ownership of land than fishing rights have, he mentioned that the issue here is that individuals may contest not only  
40 the same rights but also different types of rights, different uses for resources, also multiply the types of rights involved and multi-organisational arenas provide multiple decision points. I think that's all relevant to fisheries.

45 As I said, the relevance of all of that is not so much in sort of the legal

5 questions. So I think it is a fairly orthodox statement of the legal position. But it heightens the context for rights in fisheries and rights-based management. In particular, the concept of public choice competition where parties have options other than to compete in the public arena by seeking advantages, vote trading, log rolling and the whole range of those sort of mechanisms.

10 In particular - and I establish to keep these fairly briefs, these comments - I think there's a question of perverse incentives in relation to allocations and reallocation. As soon as the possibility of a reallocation away from existing users arises, then there's a choice to go within the system or outside the system. When I say "outside the system", into the public choice competition domain. It needs to be without a concept of compensation or a priority generally of prior users. Then you heighten that competition.

20 Furthermore, unless there's a concept of compensation, then it's a constant ferment. We did a Toohey Commission inquiry about 14 years ago in WA which helped provide the basis for the integrated fisheries management system in WA and the comment that the state should be paying compensation for transfers. That's because Toohey J, the High Court Justice, realised that otherwise every allocation and reallocation decision, it never ends because if there's no possibility of compensation, there is no cost to claiming for a new reallocation. There's only a political cost at a political level and you heighten the political action.

30 It's not good enough just to have a generic policy without something like compensation or prior use rights. Then the risk is then for intense competition. I note in the federal sphere in the Commonwealth legislation at least it doesn't provide complete security for fishers. But what it does provide is that if a fishery scheme is terminated and then re-instigated at a later period, the people in the terminated scheme have a first right of access to the new scheme.

35 At least to some extent, it reduces the interest of those in the industry to terminate a scheme to get better rights. We've had some effect of this also outside the fishery system, taking into account Blomquist's comments about multi-organisational regions and multiple types of rights involved. We've seen in Western Australia competition between effectively different sectors of the bureaucracy in relation to management and control of fishing rights.

45 Once again, ownership is not the issue; it's control and regulation. There's multiple regulation and multiple agencies involved. So we've seen the Fisheries Department put forward an aquatic resource,

Management Act at the same time as the Conservation Department put a Biodiversity Control Act. These Acts have inconsistent management regimes and the Biodiversity Act, for the reasons that you've referred to on page 92 about threaten endangered and protected species, works on this prohibition scheme even though it's clear that some take of protected species is likely, whereas the new Fisheries Act that's proposed for Western Australia works on a risk management and planned activity type basis, which is much more consistent with modern concepts of fisheries management.

So there's this competition to appear to be more ingrained, and that's ended up - and I won't go into the background of why that was perverse and the perverse outcomes. But it is this competition occurs not only between public actors but within bureaucracies for control over the right to management the marine environment. But, once again, that's inherent in the system. The question is, are we setting up appropriate incentives in order to limit that public choice competition and especially competition where the outcomes are likely to be perverse?

They're my introductory comments. Just some very brief ones on Indigenous fishing. You've got the correct definitions here at page 32 in the recommendations between customary fishing and native title. But I think insufficient recognition that what's called customary fishing in some states has nothing to do with customary fishing in Western Australia. It's really just effectively an exemption for Indigenous peoples, whether they're acting - and I said the correct definition of "customary fishing" is there - whether they're acting in that way or not.

Now, that actually has some interesting implications. For example, if you're up in the Fitzroy River and you're an Indigenous group that's got some very strong native title rights up there, it's very difficult for you to call upon the state to stop people who would be fishing in that area unless they are - who identify as Indigenous. If it was customary fishing and native title, that's one level. The problem is that a lot of what's called customary fishing does not actually meet the definition that the Commission has outlined, as I said, a correct definition there; fishing in accordance with customs and so on and so forth.

**MS CILENTO:** Just on that, what do you think the right solution for that is? I mean, if we've defined it appropriately, are you suggesting we make a further recommendation in respect of the treatment of non-traditional owners?

**MR KAILIS:** I think that it's either going to be a race-based Indigenous fishing or customary fishing. I think the recommendation should be that

the state should bring their definitions in line with the terminology that you've used about customary fishing. And that some of that terminology relates back to the 2004 guidelines which the Commission refers to.

5       **MS CILENTO:** I think what we're sort of suggesting is that the definition of "Indigenous" for the purposes of being able to fish would be something that would be something that would be determined in consultation with local Indigenous groups. Are you suggesting that if they themselves determine that Indigenous Australians, including those who  
10       are not from that area, if they were happy for them to partake as guests or visitors, if you like, in customary fishing, that that should not be for them to determine?

15       **MR KAILIS:** This is where it's hard because now this is a problem with customary fishing; gets down to the particulars. The New Zealand system of Iwi, reserves and so on, suggested that at least there there is a possibility of local management that's effective. But the problem you have then is the intrusion of the commercial economy into the Indigenous economy and the difficulties that incurs. I don't actually have the  
20       solution. But I suppose I'm saying at this stage is at least the problem should be clearly identified, that customary fishing shouldn't just be fishing that is effectively an exemption. It really should be fishing that is in accordance with the custom and practices of the groups concerned.

25       Generally it's up for those groups to determine those customs and practices, noting here that we're not talking about native title. So by and large we're talking about groups that have failed to demonstrate the legal tests in Australia in relation to native title. If it's native title fishing, then the fishing is in accordance with the determination of the court as to what  
30       the nature of that native title is. And that varies from up in the Torres Strait commercial rights and the Akiba case to just sort of very generalised rights.

35       There's a bit of a problem here - I won't say problem. The stronger generally - in my experience, you look from north to south of WA, the more intact your culture is, generally the more rules and regulations that you have in relation to sustainably fishing. The further you go down south the less they appear to be in place. That's a West Australian observation. I can't say how it relates to other states. So this is where it  
40       gets very difficult.

But I think the first thing is to recognise that customary fishing should be customary fishing. Even if groups can define for themselves, it should be said within this context of non-commercial, communal and so on. The  
45       rights to share within a community and communal sharing are sometimes



difficult to specify. But they haven't actually been a problem so long as - it's my understanding in practice, so long as it's clear that they're not specifically commercial.

5 The biggest risk here is in high value, high susceptibility species, abalone and maran in Western Australia. These may require high levels of protection because of the innate fragility of the species. But generally, as the Commission notes, as a general prospect, generally it's not been a problem. But I think there are specific instances where it's not going to  
10 work.

For a similar issue, the Commission's concept of giving priority to Indigenous fishers, I think that needs a bit more work. That hasn't generally worked as well as it was thought in Canada because no one says  
15 what priority means. So if you've got a fishery like maran where the Indigenous people of Western Australia could easily take a hold of that, does priority mean that others have no rights? Because in Canada the rule was first priority Indigenous, then recreational, then commercial. But then people said, "What does that priority actually mean?"  
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**MS CILENTO:** I think we've explained it in the report as an allocation consistent with customs, not just take all that you want.

**MR KAILIS:** The problem is that conflicts to some extent if they've got  
25 native title as well because native title, as the Karpany case in South Australia made clear, native title protected by provisions of the Native Title Act means that there's an argument there that they could take the whole of the resource, they don't need to share it with anyone else because they're not restricted by the Fisheries Act and cannot be. If it meets the  
30 conditions of the Native Title Act, which is communal, non-commercial and so on. So there's a bit of a lacuna in the law at the moment about this issue.

No system is perfect, especially when you're trying to mesh Indigenous  
35 law and custom - two separate issues - with Western law.

**MS CILENTO:** Yes. Can we go back to your opening comments? I guess just to assist us in terms of reflecting on where we are with the draft report, have you looked at the recommendations that we've made or the  
40 sort of key findings on the way through? Are there specific changes that you would like to propose?

**MR KAILIS:** I think a good example is page 92. This is really where the more upfront recognition of public choice, which is a question of  
45 compensation there, which is particularly in relation to some entitlements

and the reallocation of rights. But there's a number there is in the report - give me a second to go through them. I'm trying to find the recommendation page.

5 **MS CILENTO:** There's a summary of recommendations at the back of the overview; so page 29.

10 **MR KAILIS:** You can see my comment about priority share is the issue there, that makes sense, provided you can actually give them a priority share and still provide for other users. But looking at commercial fishing, there are things like recommendation 3.2, which is clearly articulate policy objectives, review should occur when harvest strategies are revised and some of the other comments about draft recommendation 2.3, for example. Why is it so difficult to get this allocation of access to fishery stock between different sectors?

Part of that is because unless you right up front acknowledge this question of what's going to happen with a reallocation, sectors will die in the ditch over it because there's no end game.

20 **MS CILENTO:** This is fundamentally a point about recognising existing users and compensation.

25 **MR KAILIS:** No, there's a range of areas. For example, there was one other area - there's a couple of areas there you've mentioned is sort of like why is it so difficult to get people to do certain things or observe - for example, the question of the level at which decisions are made in fisheries management. So it should be at a lower level. The reason it's a higher level, because a higher level is where the payoffs for public choice competition exists. So if you do it at a technically lower level you remove the political process out of the game and there's actually payoffs for politicians at different times to being involved in the political process. So they're directly consulted on decisions.

35 I think that's another area where public choice type competition gets in the way of sensible management of fish resources. So you can't just do it at a technical level because the payoffs exist at the political level in order to - and the trade-offs. So that really requires that the minister or the political wing stay involved. I'm just using the compensation as an example. But I think there's a number through the report where you make sort of comments that this should have happened or we should have moved to quota faster - we could have, I should say, a number of these areas. But I think you do identify without mentioning it the public choice problems with moving to quota.

45

5 You mentioned the difficulties and the existing rights and those things. But I don't think necessarily that sort of downwards to the resource involved but not the upwards. So that competition exists. For example, moving to quotas in Western Australian rock lobster fishery was significantly deterred for about a period of, in my view, five years from the issue of report - the Monahan report suggested that return to the state - or the improvement to the value of the fishery, I should say, was somewhere 50 to 70 million dollars of additional profit. Yet, the state commissioned all those reports and yet lobbying led to that being stopped.

10 Now, if you're a what we call high liner, if you catch more than your quota, then you have a strong incentive to lobby to prevent quotas coming in place. A lot of the lobbying from a personal perspective came from high liner fishers who outperformed the general, because that quota benefit, that's the average. But a high liner may actually get a bigger share of the resource by staying away from quota.

20 **MS CILENTO:** Just so I understand this, your argument is that by turning that into a political decision, that assists in facilitating the decision?

**MR KAILIS:** No, other way around. It deterred it for five years until it became completely unsustainable.

25 **MS CILENTO:** Just for my own clarity here, so you're saying the payoffs exist at the political level.

**MR KAILIS:** Which they engage.

30 **MS CILENTO:** That means you agree or disagree with the idea that we've put that day-to-day sort of management issues should reside at a lower level?

35 **MR KAILIS:** It should, but I think without specifically mentioning some of the drivers here, I don't think it's a fair assessment of some of the hurdles which need to be got over. As I see, one of the advantages of the Productivity Commission is the saying of what is often unsaleable by the public sector. The reason we don't go there is because the Minister doesn't want to because that's a potential loss of power. I mean, what do we mean by a loss of power minister who's not otherwise engaged in fisheries? Loss of power is a loss of power in the political process.

40 So if key issues are made at that local level - so part of the reason why we moved to quota was the Minister got sick of being involved in every decision, closing and opening and all those sort of things. But they all had

significant consequences for distribution of benefits from the fishery. So, of course, people were - I mean, he was upset because people lobbied him directly. But, of course, they were because it was a limited entry fishery, you had high liners, people in different ports. You had different payoffs because of different decisions. And all of that was constantly going on.

I don't want to make it only a compensation scheme. It's just that compensation brings it - so it's a possibility of a reallocation brings out the worse in the system. So it's the most egregious case, but I think there's lower level consequences as well. And don't even get me on why OCS hasn't been completed because you can argue the same public choice issue. Now, why should New South Wales give up? It's really a competition between levels of government.

**MS CILENTO:** Aside from what we've put in here and the arguments around public choice, how do we do this better?

**MR KAILIS:** I think noting upfront - I mean, that's where the two inquiries were important to Western Australia, because he actually noted upfront this competition and he said, "Look, unless we get a long-term allocation, then the different sectors will be arguing about the resource until there is no resource left." That's what got WA down this road of integrated fisheries allocation and so on.

Now, it's by no means perfect but at least it was a recognition of the problem and a mechanism for a solution. But I think without a recognition of the problem in the Toohey report I'm not sure that we really would have got going. Because, I mean, when you're doing a resource reallocation often you find one group, like the high liners in rock lobster, they actually have an advantage in the system to staying even though there's - no one challenged the Monahan report, the \$70 million was there, at all.

But people said, "We didn't need to go there and we didn't want to go there." Yes, it did trigger, as your report mentions, it triggers a change in people's rights. As I said, I think you've covered that aspect quite well. But that's within the fishing industry level, not that there's competition for control and power at other levels as well at the political level and between departments.

**MS CILENTO:** Okay. Sorry, I'm just laughing because I'm reflecting on the scope of the inquiry.

**MR KAILIS:** I think you could put it in the sense of what might be some of the - Kurt Lewin in How to Get Change said you can increase the

driving factors or you can reduce the level of the restraining factors. Here, I suppose it's a request to reduce the level of restraining factors. I'm not unrealistic here. We haven't moved into a - we've got some recreational fishery people. We haven't moved into an era of (indistinct) on all aspects of recreation fishing. But the arenas have been narrowed and the perverse incentives have been reduced.

I'm not suggesting you can eliminate them, but I am saying that I certainly believe, put it this way, as currently expressed, your report could be read as let's go for it for a new reallocation for all fisheries based upon marginal benefit to the community and not to worry about the implications of those with existing rights. Could I just make a technical comment on that too?

**MS CILENTO:** Sure.

**MR KAILIS:** In relation to the question of use of options and latent fishing and so on, I do think that you should look at some of the more recent research by John Ledyard from California Institute of Technology. He's done a lot of work for the New South Wales Government. I was in a recent academic conference and he points out that because of the public/private mix nature options on a both theoretical and, he believes, practical level will not go well in the best interest in a fairly simplistic sort - when I say "simplistic", sort of direct option approach.

It's because of some of these public policy issues that are involved. He felt that - and also he gave a future review about fishery stocks and what you'd end up is just getting artificialities where fishers who are overly optimistic about future stocks or their ability to implement stock management may end up overbidding and driving out those who are more realistic, leading to another round of overcapitalisation and potential collapse.

**MS CILENTO:** What was that name again, sorry?

**MR KAILIS:** L-e-d-y-a-r-d. The proceedings aren't out yet, so otherwise I would do it. But he's actually done a lot of existing work. But he's actually contradicted some of his previous work about design of options. He's done a lot of extra work through the California Institute of Technology with a whole lot of simulations. The simulations show that you may not get a positive community outcome and it's actually quite tricky because of this question about future stock levels and rights and ownership. So that's more of a technical issue.

He's not saying options don't work, but I wouldn't want somebody to read

the recommendation and think, “Well, we could just apply that in a generic sense.” His options are interesting to people about how we deal especially with latent effort. But there’s been some huge screw-ups in America - Chesapeake Bay crab, for example - especially if you haven’t got your management system right, which is no surprise. No option is going to be better than the rights that you’re auctioning.

Just in summary, unowned resources, there’s competition for their management. There’s competition for regulation as well as competition to take the resource. Competition to take resource is well covered in the questions here about quotas and so on. But I think there’s another level of competition that makes management of marine resources particularly problematic. It’s to that level - as I said, it’s the public choice level that I think that the report would be improved by a recognition that some of the restraining forces here are not people just being sort of ignorant or dumb, but there are countervailing forces that prevent either adoption of quota, decisions being made at “the right level” and questions in relation to allocation, reallocation and auction.

**MS CILENTO:** Thank you very much for that.

**MR KAILIS:** Thank you.

**MS CILENTO:** Can I call on Andrew Rowland and Leyland Campbell from Recfishwest, please. Good morning to you, both. I’m happy for you to make any opening statements you’d like or to address specifically any of the recommendations or findings in the report.

**MR ROWLAND:** Thank you very much for having us and for the invitation. Andrew Rowland, chief executive officer of Recfishwest.

**MR CAMPBELL:** Leyland Campbell, operations manager for Recfishwest.

**MS CILENTO:** Thank you.

**MR ROWLAND:** Recfishwest is the peak body in Western Australia. We represent the interests of 750,000 West Australians who go fishing at least once a year. Our purpose is to essentially ensure great fishing experiences for WA forever. Our commitment to do that is essentially to protect, promote and develop sustainable, safe, enjoyable and accessible fishing for the benefit of the community. We have put our submission in and thank you very much for that opportunity. We take it as read.

I’ll just quickly take the opportunity this morning to perhaps elaborate on

some of the elements. We're really keen to elaborate on the development of recreational fishing and a lot of the opportunities which exist in that area and perhaps some of the current constraints which inhibit some of that development. We'd like to talk about harvest strategies and what we believe they are and the benefits that they can provide to recognising the social and economic objectives of fisheries management.

We also just want to touch on an element of the draft report which we think didn't, in fact, tie close enough linkage from aquaculture perspective to its benefits to recreational fishing. Then in terms of recovery of costs or costs for management, we think there's some opportunities for co-management and the like. So they're the four main areas, I think, that we'd like just to add some value to our submission.

**MS CILENTO:** Thank you.

**MR ROWLAND:** In terms of development of recreational fishing, we've moved quite, I think, rapidly in the last decade or so from a very catch-focused sector to now a very experienced-focused sector. Recfishwest really does focus a lot of our efforts on maximising and optimising people's opportunities to go out there and enjoy fishing and the aquatic environment that we have. Recently we've been doing quite a bit of investment in enhancement of fishing opportunities through artificial reefs which do lend themselves to improve fisheries productivity.

But in the short term our goal has really been around optimising the social value of habitat enhancements. We see artificial reefs in creating new opportunities, creating more diversity in terms of opportunities for when people get out on the water and spend their time and money. At the moment they're purely focused around the social dividend. But we do believe some of the research which we're using to underpin them at the moment will lead to fishery production benefits.

In a similar light, we're also investing in fisheries restoration or habitat restoration through shellfish reefs, particularly in nearshore areas, which we believe will also have fishery production benefits and which obviously link back to the benefits of more participation, greater experience and better fishing quality for the community.

We also believe that these sorts of developments such as artificial reefs can also reduce conflict between the sectors in terms of better resource sharing outcomes. We are at the moment having some issues with red tape in terms of the development that we're going through. Leyland has done some quite significant work with Recfishwest in the recent few years dealing with the Commonwealth Government from an approvals

perspective and the fact that artificial reefs for the purposes of habitat enhancement aren't actually recognised at the moment properly in the policy space. It really is sea dumping requirements that we have to jump through rather than purpose-built or fit-for-purpose habitat enhancement technology, which is supported by science and some of the work that we've done more recently around bringing some of this technology to WA that has been developed in North Asia, for example.

We'd be really keen to have the Commission recognise the importance of these particular investments to return value to the recreational fishing community. Indeed, I think there's some value to the commercial fishing community and also the aquaculture industry around things which we're seeing such as in Flinders Bay, for example, down in Augusta with abalone ranching, which is having secondary benefits in terms of creating new habitat for rec fishing opportunities.

We think there's benefit in terms of getting greater streamlining of some of the policies and also some recognition that these are highly valued assets which do, indeed, provide diverse fishing opportunities, have got the ability to increase participation and make the most of, I guess, a resource which is coming under more and more pressure and help managing some of that pressure to other potentially less vulnerable species and the like.

**MR CAMPBELL:** Some of that red tape includes 40 years monitoring requirements on these reef systems, which certainly puts it out of the range of possibilities for community groups, local governments, et cetera who might want to investigate their options in implementing them.

**MS CILENTO:** So 40 years subsequent to - - -

**MR CAMPBELL:** Yes, subsequent to deployment (indistinct) of reef monitoring.

**MR ROWLAND:** We've moved away from, I guess, materials of opportunities, shipwrecks and old tyres and car bodies and the like, to, I guess, purpose-built steel and concrete reef units which have technology put behind them. We're only in the infancy here in Western Australia and we're investing a fair bit of time and effort in terms of monitoring these things and looking to exactly what the benefits are. But at the moment, yes, we're really keen for the Commonwealth in particular to catch up with the aspirations of the rec fishing community in this space.

**MS CILENTO:** I think that's pretty clear.



5 **MR ROWLAND:** I guess this links quite closely to harvest strategies. I suppose from our perspective sustainability is always the benchmark of fisheries management. But once we have a resource which is deemed to be sustainable as well as truly has a hand in terms of the ecological or biological sustainability of the resource, then what we need to focus on is how we optimise the value of that resource back to society.

10 Really, the two main headings that we do that around of an economic contribution or a social contribution or a combination or generally a combination of both. We believe there's just a need to better capture and articulate each of those particular objectives, whether they be social or economic, in terms of getting a better handle on how we're managing fisheries. We need to focus on developing, I think, key metrics so we can evaluate the performance of the fisheries against those particular objectives.

20 Sustainability, as far as recreational fishing communities is concerned, is just a given. That is an obligation of our fisheries managers through the government as the stewards of the resource to make sure that they're sustainable. But then I think the real crunch comes and the challenge is where we need more information and we need to get better sophistication around is how we optimise that value back, either through economic or social contributions, back to the community.

25 **MS CILENTO:** Can I just follow up on that? I mean, one of the things that we, I think, highlighted in the report which we've grappled with and many people are grappling with is how best to do that in the sense that there's clear economic measures of commercial value, for instance. But it's harder to get a sense of measurement of the sort of social benefits that accrue to recreation fishers and the broader community from that activity as well as just getting a handle on the level of activity and its impact in terms of fisheries management.

35 **MR ROWLAND:** Yes. I think we could start by perhaps changing the culture within some of the regulators around actually asking that question from the get-go. I think rarely do we even get asked that question of what we're trying to achieve, the management of a sustainable fish resource. A lot of the time there's assumptions. So harvest strategies really do give us an opportunity to sit down and have that conversation with the community around what their aspirations are for that return and then I think it's only once we've asked those questions can we effectively work on trying to articulate that in words and then focus on how might we measure that and how might we measure the performance of that particular objective as we go forward.

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It's something which we're, I think, in WA just scratching the tip of the iceberg around. From a rec fishing perspective, it could be around satisfaction, for example. It could be around catch. It may be around catching lots of fish or it may be around catching a few trophy fish. It might not even be around catching. Recently we did a survey of maran, our maran fishery in Western Australia. We asked this question to a large group of licence holders. The number 1 objective of buying a licence and the number 1 aspiration of licence holders was to go out into the bush and spend time with family and friends. Catching a maran was, I think, third on the list of aspirations of people that actually buy a licence.

So it's only when we start asking these questions can we get an understanding of what we're working to manage the resource for and how we best put management practices in place to deliver that value back to the community.

**MS CILENTO:** In the report we've clearly identified that recognition of the broader value that's derived from the resource needs to be acknowledged and that through the harvest strategies and overarching harvest strategy policy that there is an articulation of that and the sorts of things that will be taken into consideration and how the decision-making process, if you like, will work.

I guess one of the things we keep bumping up against is a lack of information. So would you see Recfishwest as having a role to play in doing more of the survey work? We've advocated for surveys around taken - and recreational fishing activity more generally. But if you're talking about familial aspirations and the types of different ways in which they derive benefit, is that something you see your organisation playing a role in developing that sort of information flow, if you like?

**MR ROWLAND:** Yes, absolutely. I think, touching on, I guess, the cost of managing these resources as part of more of a - we have quite a well-formalised co-management arrangement in Western Australian with the Department of Fisheries. We've got a service level arrangement around representation and consultation. But I think there's definitely scope in WA and more broadly across Australia to better engage groups such as ours in those types of surveys, whether it be trying to get people together in terms of developing what their aspirations are from a social perspective, and then providing input in terms of what the metrics might be to measure those sorts of things, but then that flows right through to also some of the other areas where there's a dearth of information such as catch estimates and also other estimates, economic contribution and those sorts of estimates.

45

5 So we have strong engagement with the community, we believe that we  
can offer very cost-effective ways to run surveys, we currently do some  
citizen science programs from a biological perspective on the artificial  
reefs, using volunteers to deploy baited underwater video cameras at very,  
10 very reduced costs that it would otherwise take a government department.  
We get much greater, I guess, engagement with the community as we're  
going on this journey together, and better senses of awareness and respect  
for the resource and stewardship flows on through that when the  
community are engaged in these sorts of programs. So I think, absolutely,  
15 there is opportunities to strengthen those co-management arrangements  
and perhaps put more formal arrangements in place to gather and collect  
that data at the community level.

20 **MS CILENTO:** I mean I'm expecting that within your organisation  
there's quite a diversity of members and engagement if you like, I mean  
we all know that a group of people who fish on a very regular basis catch  
a lot of fish, there's other people who might only fish a couple of times a  
year, I mean how do you think you're able to capture that diversity of  
benefit and engagement if you like?

25 **MR ROWLAND:** It's a challenge. I think most people like to go fishing  
to relax, unwind and get away from these sorts of things. So we've got  
very strong networks at the moment which we've developed over time, we  
communicate, we have got 65,000 subscribers and supporters that we  
communicate on a monthly basis, 8000 that we communicate on a weekly  
basis with, and because it is a pastime that does elicit a large amount of  
passion we do have higher levels of engagement than you would against  
other types of outdoor activities, and we've see that. It is difficult. I think  
30 the avid end of the spectrum generally does represent, I guess, most of the  
effort and most of the catch. So engaging with those people, we are going  
to get, I think, the best information in terms of its robustness, but yes,  
given the fact that estimates put it around 750,000 people in this State go  
fishing once a year, then that is quite difficult to do.

35 **MS CILENTO:** Sorry, I'm going to go off on a slight tangent here. With  
your 65,000 subscribers, do you communicate with them around  
regulations and requirements for good behaviour if you like on the part of  
recreational fishers?

40 **MR ROWLAND:** Yes, absolutely. Our role is to educate and promote  
sustainability messages and I think by being integrated as a not-for-profit  
community organisation, we speak the language and discourse that our  
stakeholders understand and so it is more at-level and we believe we can  
get better traction in terms of getting those messages across and also,  
45 equally, I think we're more trusted, Recfishwest, our currency, trust is our

currency, that's really what we exist upon and we believe that we're in a much better position to have two-way communication with the community on these sorts of things as well.

5       **MS CILENTO:** Thanks for that. Sorry, I've taken you off track.

**MR ROWLAND:** No, that's fine.

10       **MS CILENTO:** I think on harvest strategies, you also wanted to make some points about aquaculture and the benefits from recreational fishing and cost recovery I think?

15       **MR ROWLAND:** Yes, so I mean the cost recovery stuff I won't jump to now because we've just pretty much touched on it, and that was really where I was wanting to go with the cost recovery. Yet I think if we engage, through organisations such as ours, and whether it be - from an Australian perspective, effectively resourced and governed peak bodies do have a role to play and I think that when they are effectively resourced and governed they can provide cost-effective integration into the community  
20       to help gather some of this information and in a much more cost-effective way than otherwise would be done through some of the more traditional means. So that's really probably all I've got to say there in terms of strengthening those co-management arrangements.

25       The other thing, I guess one other thing which I will to that is that it does empower the community as well I think, and we've seen that, they do feel more involved and I think they do take on a greater level of respect and understanding as to the reason and rationale behind the rules. I think when they understand the reason and the rationale then they support the  
30       rules and will change their behaviour accordingly. I think the other thing, also, it does offer a greater level of transparency as well from a community perspective and so therefore the outcomes are generally more trusted at the same time.

35       **MS CILENTO:** Do you think that applies if it's an outcome that they don't necessarily agree with as well?

40       **MR ROWLAND:** Yes, I do, I honestly do. I think if you've got well-resourced and well-governed peak bodies then they will show leadership. Recfishwest have got plenty of track records where we'll stand up and take the bullets when we have to from the rank and file for, I guess, the strategic greater good. So I think the opposite to that is when you do struggle to get the resources and, I guess, the governance arrangements around it and it turns just purely back to political  
45       intervention rather than leadership. No, nothing else there.

**MS CILENTO:** And aquaculture?

5       **MR ROWLAND:** Yes, aquaculture. So this one links pretty closely to  
the first one I was talking about, more broadly around development of rec  
fishing and, really, the linkage wasn't probably picked up in the draft  
report as well as it could have been I think. We currently have a very  
good partnership with the aquaculture providers in Western Australia,  
10       around assisting in restocking and stock enhancement for recreational  
fishing purposes. So we've had recent successes around the Swan River  
prawn restocking project where we've put just over four million prawns  
back into the Swan River over the last three or four years and that's led to  
a rejuvenation of that fishery; early days and we'll see what happens but  
15       we believe it's on the way to potentially restoring a culturally and socially  
significant fishery that we've lost, that we did have in the 80s.

Similarly, from a development perspective, we've got opportunities here  
for inland stocking in particular, so obviously aquaculture plays a strong  
role there. We recently did some restocking activities in the East  
20       Kimberley as part of the Kimberley Science and Conversation Strategy  
where we restocked or reintroduced 550,000 Barramundi fingerlings into  
Lake Kununurra, which is an area up there which is 55 k's of flooded river  
channel, for which had a great barrier on it where the Barramundi couldn't  
get through and that's now started to turn into some pretty positive  
25       recaptures.

So I think there is absolutely a role that rec fishing plays in terms of  
aquaculture and aquaculture development, we've invested quite a  
substantial amount in aquaculture in WA through the facilities that we  
30       have here, which I think helps provide at least some support and  
investment in infrastructure from the aquaculture industry, which then  
allows that to flow through into broader applications, from a broader  
aquaculture industry perspective.

35       Obviously the other thing from an aquaculture perspective is that we do  
invest in research around aquaculture. So the prawn project had  
significant research sitting around the back of it and it was the first time  
that particular prawn species had been cultured in captivity. Similarly, we  
ran a program last year around collection of snapper eggs in Cockburn  
40       Sound, whether the snapper spawn, in an effort to see whether or not that  
was a viable way of snapper production, to potentially maybe one day iron  
out pulses in the significantly variable recruitment that we have here on  
the west coast with some of the species such as snapper. That was a  
successful project and it's the first that's been done on that particular  
45       species, which has potential information and technology transfers that

could go towards broader and larger aquaculture industries. around like species in Western Australia or Australia.

5 So I think the linkage between rec fishing and aquaculture is one that is quite important and it's something from a rec fishing perspective, and my organisation's perspective, which we highly value. The capability of the particular aquaculture expertise and facilities that we have in Western Australia add value to rec fishing outcomes which the community do value quite highly.

10 **MS CILENTO:** Thanks for that. One of the recommendation in the report, which may not surprise you has attracted a little bit of interest in a number of jurisdictions, is the recommendation around licensing. WA has a licensing scheme for recreational fishers which seems to be quite well-supported and it would be interesting to have your perspectives on what went right if you like in terms of the decision-making around that, the implementation and why it works. I mean some of the things that you've already touched on are the very issues that we highlighted in the report as being beneficial, including that sort of education process, better understanding, what's going on, the interests of rec fishers and/or the like, and similar things. So I'd be interested in your perspectives on that in terms of what we might say to some other jurisdictions about how they could do it right.

25 **MR ROWLAND:** I think it's a case when the community see tangibles from their licence contributions, where that support comes from. So on the introduction of the major licence that we have here, which is the boat/fishing licence, in 2010 there was a clear commitment made by the government at the time that 25 per cent of that new licence revenue would be put into a fund called the Recreational Fishing Initiative Fund and spent on projects that were derived through a new initiative that would derive through the rec fishing community. We're now into the fifth round of that and we're seeing things exactly like those development things that I spoke about, artificial reefs, restocking, real tangibles which the community can get their hands on and see where their licence money is going and reap the rewards and the benefits. So that's where that broader level of rec fishing support is coming from.

40 **MR CAMPBELL:** If there's no transparency in the expenditure of the licence money there's not going to be any support.

**MS CILENTO:** Yes.

45 **MR ROWLAND:** That's a critical key factor and it's something where there's an ongoing challenge to maintain that, from our perspective, so it

needs to be communicated widely and open for everybody to see where the money goes, and that it goes not only just into the Rec Fishing Initiative Fund which was the 25 per cent, but whether it's funding organisations such as Recfishwest or other government expenditure related to rec fishing, it's important that that transparency is there.

**MR CAMPBELL:** Then the priority of stakeholders needs to be reflected in the expenditure of that money.

**MS CILENTO:** So it's that licensing here relates to boat-based fishing, is that the bulk of recreational fishing here, and we're talking about marine fishing, so how significant would beach-based, shore-based fishing be?

**MR ROWLAND:** It's quite significant. So we have a number of licenses, boat is one, we also have them around, I guess, more valuable commodity type fisheries such as Abalone, Rock Lobster, Marin and so on and so forth. But yes, we do have a large demographic of the community who go fishing off the shore-base who don't require a licence, or whether they go scooping for crabs or fishing a line off the beaches and jetties.

**MS CILENTO:** Would there be merit in extending the licensing regime to include them?

**MR ROWLAND:** I think it's a conversation that the community is likely to be ready for and one that in Western Australia, now that we've seen some tangible returns which are providing definite benefits and there is that transparency in there, it's potentially a conversation they might be ready for. We might get a situation where we could have a broader, low-cost licence, at the moment a boat licence is \$30 and all of the other fisheries are \$40, and that returns roughly \$7 million into the State government from a revenue perspective. We could have a situation where, particularly for the avid end of our community, they could indeed have a less cost from a licensing perspective if it was maybe a more broad, general fishing licence with perhaps specific fishery endorsements on top of that. I'm not sure what the structure of model might look like but it's a conversation which we believe the community would be ready to have, I'm not pre-empting any outcome there either way.

**MS CILENTO:** No, that's all right.

**MR ROWLAND:** But I think given we have demonstrated there is a transparency there and there are those tangible returns starting to come through and we're seeing the benefits then, yes, this would be something we could take to the community and have a chat about.

**MS CILENTO:** In the context of just a general, flat sort of licensing arrangement what would be a low-cost for you?

5      **MR ROWLAND:** Low-cost for me would be \$20.

10      **MS CILENTO:** For your members. Yes, that's all right. We do get asked from time to time because we try to stress that, for us, it's not really about raising revenue, I can see the benefits that can accrue from that but it really is about establishing a channel to collect information, to be informed and for that two-way information flow, so we do stress the low-cost side of it in the recommendations we make. But people ask us so it's interesting to get your perspective on that.

15      **MR ROWLAND:** Yes, and I think that's a really important point, that frame or the sample of the frame that we can use for surveys, and just having some handle on the level of participation is, I think, even more important than the revenue. You picked it up well in the report, around just the absolute lack of information around catch estimates and that really does significantly impact on the ability to make decisions and the ability to optimise a return of the resource, particularly from a resource sharing perspective when there are conflicts between sectors, and even more broadly around communication and just having an understanding of who's where and what they're doing, that's really important.

25      **MS CILENTO:** That's great, it's been very helpful. Anything else you wanted to add?

30      **MR ROWLAND:** I haven't got anything. Leyland?

35      **MR CAMPBELL:** I think on a licence and the lack of available data, I think it will be handy because it will actually show that participation for the recreational sector is not as strongly linked to catch as it is for other sectors, so participation doesn't mean catch necessarily. There's a lot of fishers that enjoy fishing and don't catch any fish, and the avids who are fishing currently and catching the majority of fish are most likely to already be fishing, so the new participants to the fishery are not necessarily going to be the avids.

40      **MR ROWLAND:** And we did pick that up quite heavily in our submission, that whilst other sectors' effort generally equates quite closely with catch, it's absolutely not the case from a rec fishing perspective. In fact, catching a fish can sometimes get in the way of a good day's fishing for some people, as we found through some of our recent surveys. So where catch is zero, in theory, you could have an infinite amount of effort



with zero impact. That's what it is about for us and, more recently, we're really focused on those fishing experiences as opposed to catch, catch is one part of the experience but it's so much more broader than that.

5     **MR CAMPBELL:** That's understanding those social objectives of each sector, of what they want to achieve and their aspirations, it really comes into play, and recreational fisheries management is about managing people.

10    **MS CILENTO:** That's been very helpful, thank you very much.

**MR ROWLAND:** No worries. Thank you.

15    **MS CILENTO:** Can I call on the presenters from WAFIC, please. Good morning, gentlemen. I might just get you to introduce yourselves if that's all right, and then you can lead off with a statement or straight into our recommendations and findings as you see fit.

20    **MR HARRISON:** Thank you. My name is John Harrison, I'm the CEO of the WA Fishing Industry Council, commonly known as WAFIC. To my left is Guy Leyland who is our MSC project leader, Marine Stewardship Council Project leader, and long-time WAFIC staff. To my right is Alex Ogg who is our operations manager for WAFIC.

25    **MS CILENTO:** Thank you.

30    **MR HARRISON:** We highlighted in an email last week that we were going to discuss eight points, given the time issues we're going to cut that back to five. Firstly, we want to talk about the issue of compensation in regards to the loss of access to fishing grounds; secondly, the third party certification scheme to be recognised under the EPBC Act; thirdly, you will find in 2.2 regarding allocations would be highly politicised, and we'll cover that in a bit more detail; country of origin labelling; and, finally, I want to talk about the cost shifting and apportioning guidelines, strong guidelines, as to what is recoverable and what is not. I'm going to ask Guy to lead off on the first two.

**MS CILENTO:** Sure. Thank you.

40    **MR LEYLAND:** Thanks, John. The first point we wanted to make was in regard to the issue of marine planning and specifically the application of compensation in various jurisdictions. There's a lack of consistency by jurisdictions addressing the impacts of marine resilience, given that a number of fisheries operate in both State and Commonwealth waters. We have that situation in Western Australia with the Commonwealth

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bioregional marine planning rolling out, and we have State marine reserves rolling out at the same time. Those orders are usually abutting each other and you have fisheries that operate in both State and Commonwealth waters and are being subject to different planning regimes in regard to the objective of putting in place marine reserves.

It's probably too late in terms of giving some sense in regard to - or consistency or rationality in terms of marine planning for those reserves, but there is the issue in terms of addressing the impacts of marine reserves, and that is compensation. At a State level we have statutory schemes under the Fishing and Related Industries Compensation (Marine Reserves) Act, and that provides the regime to address or pick up the impacts on effective fishers for loss of and the value of their entitlements due to the effects of marine reserves. At a Commonwealth level we don't have any accompanying legislation and we don't have clear policy in terms of how those impacts might be addressed.

So a fisherman who is impacted by both a State reserve and a Commonwealth reserve is facing, certainly in terms of the State reserve, a statutory regime, at a Commonwealth level there is uncertainty, and that fisherman may well be dealing with the impacts at the same time in terms of his fishing operation. It just seems a real failure in public policy, or it is a failure in public policy in terms of addressing those impacts in a sensible, rational way.

**MS CILENTO:** Thank you.

**MR LEYLAND:** The second matter I just wanted to talk to was in regard to third party certification schemes. I note, effectively, the draft report dismisses the role of third party schemes as having any value in setting transparent, credible and global best practice fisheries management standards, to meet a variety of market, financial and community expectations and I found that - we found that quite disappointing. The Commission seems to have dealt with that in a very dismissive way. It makes references to the issue being a divisive issue, which is already interesting, however it doesn't really pay recognition to the fact of the leadership role that the Western Australian government and the Western Australian industry has played in terms of going down the route of Marine Stewardship Council certification of the State's fisheries.

In terms of that initiative, it wasn't done because we wanted to feel good in terms of fisheries, it was done for a number of specific purposes. One being the fact that all the polling that's been done in terms of how fisheries are regarded by the community, it's not well-regarded, so governments, in terms of their role of regulating fisheries and providing a

stewardship role in terms of commercial fisheries, it's not resonating with the community. Indeed, repeat surveys by the Fisheries Research Development Corporation has showed that there has been little traction in terms of the community recognising that our fisheries are well-managed.

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Secondly, we have the role of markets, both domestically and internationally, requiring some independent validation of the integrity of fishery management schemes, there's that requirement. Also, we have the issue of the marine reserves and the advocates of marine reserves in terms of putting forward the proposition that, without big, no-take signs, then the marine environment is at risk.

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Government isn't readdressing any of those issues in a way that provides comfort for the fishing industry or, indeed, responds to community concerns. As a result of our consideration in terms of those sort of policy drivers with the Western Australian government, we managed to come up with an initiative in terms of putting all our fisheries through third party certification and we chose the Marine Stewardship Council, after a comprehensive due diligence process.

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I might add that the Productivity Commission talks about a multitude of third party schemes and, to quote, "It is not practical nor desirable for governments to vet or approve schemes as to the consistency with domestic legislative requirements that belies experience in WA where" - anyway - "that belies experience in WA". Well, we did go down a due diligence process in terms of evaluating and selecting a third-party scheme with credibility. I might add, in terms of those third party schemes the standard that underpins that scheme is set by the FAO, through its guidelines on the eco-labelling of wild captured fisheries, and those guidelines have been signed off by the Council of Fisheries Ministers, of which Australia is a member.

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**MS CILENTO:** Can I just - did you have anything else to add on there?

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**MR LEYLAND:** I must say, the impression we got in terms of reading that report was that the Commission was quite critical of the Western Australian government and industry approach, which we found quite disappointing, comments such as, "Third party certification was seen as eroding confidence in regulatory standards by implying that the existing standards are not sufficient". That's not the purpose at all. What the purpose is, in terms of our fisheries, is adopting a higher fisheries standard, a global best practice in order to respond to the sort of community expectations and the forces that are operating in society in terms of our fisheries and particular access to fisheries and also access to markets. I'm not quite sure why the Commission took such a negative

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view in terms of those schemes, but I'd be very interested to hear from Commission in terms of its rationale.

5       **MS CILENTO:** Well, number one, we consult widely and we do, deliberately, represent a range of views from different people and then we represent the views that are put to us, number one. So comments about concerns about it eroding existing regulatory regimes are views that were put to us, you may disagree with them but, nonetheless, they were put to us. We acknowledge that some of the accreditation schemes do involve a high standard, the question that we had was whether that's necessary for all fisheries to assume that by implication.

15       I don't think we intended to be critical of what was being done here in WA, it's a scheme that was agreed in consultation with the government and with industry, that's quite fine. We had a number of people across different jurisdictions who referenced the cost of these arrangements, which they felt were onerous, particularly if there wasn't going to be a government financial contribution, which I think is a valid observation to make. The point that we were making about accreditation under the EPBC and the point that we're making about governments vetting different organisations, is the ongoing nature of this, as outsourcing the determination of what the appropriate regulatory standard should be for Australia, taking into account a whole range of considerations.

25       So I don't think we dispute at all the impact on social licence to operate, that there is benefit perceived by some to be involved with these accreditation schemes. The issue for us is whether we feel that there is a strong case to be made for, in a sense, outsourcing that, the sustainability in environmental regulatory standards, to a third party, which does have a different range of objectives to that which many government in different jurisdictions would have. So that was the point we were trying to make. As I said, there are different views here, the purpose of this report is to reflect the reviews and the inputs that we've received across different jurisdictions and from different participants, and I think that's what we did.

35       **MR HARRISON:** That's understood, and just to offer a comment along those lines. Not every fishery will and would benefit from a third party certification, we're aware of that, we're following that here in WA as well. What we are looking for though is to minimise the cost, and if you have to jump through the hoops to a the third party certification and then jump through another set of hoops to get EPBC approval to export your product, you're effectively jumping through two sets of hoops, when in fact you may only - should have to jump through one. Because eventually, the costs associated with EPBC assessment is going to be

borne partly, if not all, by the industry or the fishery that's wanting to get that. So if they've proven that they're sustainable through a third party process that has got merit, then why have to go through another cost factor associated with getting a government regime approved. That's one of the key points I think that we shouldn't miss.

**MS CILENTO:** Sure, and I'm happy to go back and have a look at that. It's certainly one of the things that we've reflected on, is whether or not those processes can be made to work better together. But I think our view is that it is right and appropriate that there be EPBC standards that are assessed relative to those standards, and not determined on the basis of a third party saying that they've been achieved.

**MR LEYLAND:** The problem is that the EPBC standard isn't, it would seem, accepted by the Australian community as being adequate, in terms of the polling we've done in regard to community attitudes.

**MS CILENTO:** As I've said, I mean - - -

**MR LEYLAND:** So I'm not sure how. It's all very well if you're enabled in terms of saying more regulatory stuff, we'll do that, but the reality is that the community isn't saying that and they're demanding - not only the community but the markets are also demanding something else. So how do we address that in terms of in a sensible way?

**MS CILENTO:** Well, again, we have received different views as well as to what community expectations and demands are and who is driving those demands. I'm happy to take on board the fact that governments need to do a better job of highlighting their efforts in terms of achieving sustainability and the results that are being achieved there, which, if you go elsewhere in our report, we conclude that the evidence is that the vast majority of fisheries are being managed in a sustainable way.

**MR LEYLAND:** Well, we agree with you.

**MR HARRISON:** Yes.

**MR LEYLAND:** But the problem is the community doesn't.

**MS CILENTO:** Well, I guess there's a debate then about putting on additional costs in order to do that and who should bear those costs and how that's met and whose responsibility that is for that. As I said, we don't dispute at all that there's a social licence benefit, nor do we dispute that it's in the interests of some to ensure that they're maintaining that social licence to operate.

5       **MR HARRISON:** What we're saying is this. Is there a capacity for some sort of equivalence associated with third party certification meeting the requirements of the EPBC processes. That's what we don't want to lose, that option, if it's there.

10       **MS CILENTO:** Well, I think if there's additional insights that you can provide and ways in which those two processes can be streamlined and made to work together then we'd be interested in that.

10       **MR LEYLAND:** Well, the people who were around at the time when the EPBC Act was being drafted are (indistinct), it was very much based on the Marine Stewardship Council standard which preceded the EPBC.

15       **MR OGG:** I think that's what we're saying, in the case that there is a standard that meets or exceeds the EPBC requirements that, in isolation, be looked at as an equivalent, just to avoid duplicating the cost and procedures of going through duplicate processes.

20       **MS CILENTO:** I understand your point.

**MR HARRISON:** Thank you.

25       **MR LEYLAND:** The other point I'd make in terms of third party certification in the position the Western Australian government arrived at and it would be useful if we examined the merits of that approach, and that is for the government to provide (indistinct) funding to facilitate industry to move into global best practice for those who wish to do so, given all that benefits the industry, the government as steward of the  
30       resource and community confidence.

**MS CILENTO:** Well, I'm happy to have a look at that section again in light of your comments.

35       **MR LEYLAND:** Certainly, the Western Australian government arrived at that view so we'd be very pleased if the Commission could examine that case as well.

40       **MR HARRISON:** Thank you. We'll move on to the third point we wanted to briefly discuss and that was your draft finding 2.2 which is a move to intersect all trading of access rights. We understand the nature of what you're saying there, but just a word of, I guess, of caution. Is that without the robust framework for integrated fisheries management processes this could become highly politicised. Because we perhaps  
45       would ask the Commission to dig a little deeper on that issue to make sure

5 that there's the support framework to allow that to proceed in a precautionary manner, but noting that political decisions are still with us today regarding access to fishing resources and will continue unless we have something that can actually steer it away from that negativity towards something that is actually meaningful for all sectors that have rights.

10 **MS CILENTO:** I think to be fair to us, the finding does say "worth considering in the longer-term for suitable high value fisheries".

**MR HARRISON:** Correct.

15 **MS CILENTO:** So I don't think we're in any way pointing to this happening immediately or across the board.

**MR HARRISON:** No, we respect that and understand that, but also, at the same time, want to make sure that it is supported by a framework that allows it to be done in a manner that is not politicised.

20 **MS CILENTO:** Sure. I mean, again, I might draw your attention to page 75 where I think we're reasonably careful in what we think might happen and the timeframes in which that might happen, also noting specifically that the sorts of things that we would see as prerequisites have not been met anywhere else in the world at this point. So I think it was  
25 pointing to the fact that there is a direction with many things that need to be happening before that would ever be realised.

**MR HARRISON:** Thank you. The next item is country of origin labelling, it's something that the industry has been pursuing for some  
30 time. The draft report seems to dismiss this out-of-hand which was disappointing for us. It's been, we believe, a success in the Northern Territory, there's been two Federal parliamentary recommendations that it be adopted, New South Wales has committed to it.

35 We'd like the Commission to perhaps reconsider in the light of the fact that the consumer should have that choice at the food service level, or the sector for immediate consumption. The benefits that can flow from that to the producer, that is the commercial seafood producer, are quite strong in that they will allow some identification of provenance, et cetera. Now, the  
40 argument will be mounted that, yes, that can be done already if you want to get restaurateurs or others to do labelling, but the fact is that, presently, the customer has to basically ask a series of questions to try to identify where their seafood might be coming from.

So that's something that we consider is worthy of further thought for the Commission, and I'll get Alex to talk about a document that's been developed by the Northern Territory and we'd like to table and leave that with you as well.

5

**MS CILENTO:** Sure. Absolutely. The question I have on this really goes to why we're not seeing more of it on a voluntary basis, and whether there are barriers to the industry working more closely with the food services sector to see this realised in a voluntary way and, again, why that isn't already happening, if the benefits to the producer are so clear and the costs to the food services sector are so little and the demand from consumers so significant.

10

**MR HARRISON:** Yes, there is some work that can be done in that space, there's no doubt. But the exemptions that allowed that to come in in the first place was, from my understanding, last minute lobbying efforts to exclude the food sector level from the FSANZ processes. Having said that, we could and we should be working closer, that's agreed, and there are some restaurants that are already doing that, it's a matter of whether you've got the resources to be able to go through that process to the level that is needed.

15

20

**MS CILENTO:** Well, I guess that's the question that it comes down to for me, is that we've heard from a number of participants that there are these quite significant benefits to be realised by producers, so presumably a view that doing so would significantly increase the demand for locally caught product and that consumers are not aware of where their seafood is coming from now, and if they were, that they would make different choices. So I guess we've been asking people for evidence around that, including any evidence that may relate to sales through retail outlets where there has been demonstration of a shift in demand. Again, if the benefits are so substantial, I do struggle a bit with why industry isn't prepared to engage more to realise those benefits themselves.

25

30

**MR OGG:** I think you might find that in certain cases the benefits to the producers and to the consumers differ from the perceived benefits or cost imposed on the hospitality and food service sector, this is where you find most of the conflict. There is, as John mentioned, there is a publication that's only recently been produced and I'm happy to leave you with a hard copy and/or send you a link to this publication.

35

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**MS CILENTO:** That will be great.

**MR OGG:** It's not a peer reviewed scientific journal, it's more of a myth-busting document that is very well-referenced for some current facts

45



and figures to answer a lot of those questions about what the perceived benefits are, and the reality of what we're finding in that conflict sometimes between the producers and the hospitality sector.

5       **MS CILENTO:** I mean, you know, I'm not trying to be difficult on this one but you appreciate that our remit if you like is to only impose a regulatory requirement if a demonstrated benefit exists. So if we were to advocate for this I can guarantee that those in the food services sector would be expressly asking us for a demonstration of benefit to your sector and to consumers. So I do think it's a reasonable sort of benchmark if you like, for us to be able to support this, is to be able to present substantial evidence as to the net benefits of doing so.

15       **MR HARRISON:** Good. Thank you.

**MR OGG:** I think a lot of what you're looking for might be in this publication. So we'll leave that when we finish.

20       **MS CILENTO:** Thank you.

**MR HARRISON:** The final point was regarding recommendation 10.5 which talks about cost shifting. We'd just like to make a point in relation to cost recovery by governments, and we've got an example that's live as we speak and that's to do with the Australian Maritime Safety Authority processes in relation to cost recovery for their consultation. We've been through an exercise and put a submission to the AMSA regarding the fact that some of the costs they are saying are recoverable are indeed not recoverable under their own Commonwealth government guidelines. So whilst you talk about cost shifting exercises and there needs to be clear rules about which services are cost recovered, there also needs to be very clear rules about which services are not cost recoverable.

30       **MS CILENTO:** Sure, okay.

35       **MR HARRISON:** So that there's no doubt in anybody's mind that the government can and should charge for certain services they provide, but in other cases those services they do provide are indeed a benefit for the broader community and should be met and borne by the government, not by the user of the particular service. I'm happy to furnish you with a copy of our submission to AMSA if that would help explain?

40       **MS CILENTO:** That would be useful. I mean I think the point is pretty clear and I think we're actually on the same page in terms of trying to encourage greater transparency around cost recovery and ensuring that

there is pressure to reduce costs and improve efficiencies wherever possible.

5 **MR HARRISON:** Yes. Well, we're just saying that, yes, we will cost recover, but also these are not cost recoverable.

**MS CILENTO:** Yes.

10 **MR HARRISON:** That just makes that very, very clear and there's no opportunity for putting some services in that should not necessarily be paid for by industry.

**MS CILENTO:** Yes, okay, I think that's pretty straightforward.

15 **MR HARRISON:** So we'll send you a copy of our submission to AMSA on that process and that will clarify exactly what we're saying.

**MS CILENTO:** Thank you.

20 **MR HARRISON:** On that note, Melinda, I don't think we've got any further add unless you have some questions of us.

25 **MS CILENTO:** No, no, that's fine. I appreciate that you've put a submission in as well and I look forward to receiving that submission and also the documentation around country of origin labelling.

**MR HARRISON:** Will do.

30 **MS CILENTO:** Thank you very much.

**MR HARRISON:** Thank you.

35 **MS CILENTO:** I'll give it a break from now until 11.30. Thank you. We might recommence at 11.15 if that's all right for everyone. Thank you.

**ADJOURNED** [10.59 am]

40 **RESUMED** [11.18 am]

45 **MS CILENTO:** I'll just ask you to introduce yourself and then fire away, if that's all right?

**MR GILL:** Steven Gill. I'm the General Manager of Maxima Opportunity and the project manager on the Aarli Mayi aquaculture project, and first I'd like to apologise for John Hutton who couldn't make it this morning, was otherwise engaged and couldn't get here this morning, as much as he would like to.

I suppose I'm here just to provide an update on the Aarli Mayi. It was featured in a breakout box in the report, and that report, I suppose, was - and when we first spoke it was in the early days, when Aarli Mayi was applying for 13,000 tonne in the Kimberley Aquaculture Development Zone.

That process, as it progressed, the Aarli Mayi aquaculture project was ultimately allocated through the statement of decision 5,000 tonnes production per annum and a lease area of 369 hectares. So down from what we were initially hoping, and it was challenging, given that Aarli Mayi is a start-up business with the traditional owners, didn't have any production history, and I suppose the allocation process was - gave preference to someone that had an existing business and the existing structures.

So ultimately we ended up with 5,000 in the Kimberley Aquaculture Development Zone, but it made it clear to government that our intention is still to move forward with 15,000 tonne is our ultimate goal of production, and whether that's another aquaculture development zone or some other areas in the Kimberley that we can set up, but I suppose the first thing is to get some production underway, get some track record, and start production before we start looking at expanding the area.

A little bit of background about Aarli Mayi, so it is four shareholders. Three of those are the traditional owners of the region, so the Dambimngari Aboriginal Corporation have the area to the north of the zone. The Mayala people are the water people. They have the water allocation which the zone is actually in. And then the Bardi Jawi people are on the Dampier Peninsula.

So those three stakeholders, along with Maxima Opportunity, which is a privately owned family business that have a history of operating in the area, they've come together to form Aarli Mayi Aquaculture Company Pty Ltd and is now a licence holder in that zone, or will be shortly.

That's pretty much all I really had to say, except that I noted in the Productivity Commission review a statement about participation of Indigenous Australians in aquaculture has not been successful in the past,

- due mainly to inadequate planning and support and training processes. And we probably agree with that assessment, and that is driving our next steps for the Aarli Mayi aquaculture project. We're working with Price Waterhouse Coopers to develop a bankable feasibility study, is our next
- 5 step. We've got a scope of works and are looking for funding from that or for that project, and we've had some positive discussions with the Indigenous Advancement Strategy funding out of Canberra. So hopefully they will see benefit in funding that next step of the bankable feasibility study.
- 10 We identify that we need to work on corporate governance and improving corporate governance within the business and also training and a whole host of stuff that that bankable feasibility study will cover.
- 15 I think I also agree with the Productivity Commission in terms of infrastructure, is a big challenge for - particularly in the Kimberley. It is very remote, and moving - if the zone gets to producing 20,000 tonnes, which is its production capacity, there will need to be investment in infrastructure in that region. So that equates to about 30,000 tonne of fish
- 20 food going out to the zone and obviously 20,000 tonne of fish coming out.
- The current infrastructure, say Derby Wharf where you've got maybe three hours' access day, is not going to meet that demand. So there is a need for infrastructure, certainly a need for workforce development, and I
- 25 think across Australia there's not enough skilled people in the aquaculture industry, and we need to look at how we actually meet that demand. If the zone is producing 20,000 tonne of fish we're going to need some expertise and some training programs to be able to deliver that.
- 30 I very strongly support the WAFIC position of country of origin labelling, and I think the Aarli Mayi aquaculture project would be one of the beneficiaries of that, and particularly if our main species is Barramundi, it is one of those species that I think the majority of consumers, when they see the name Barramundi, expect that it's produced in Australia, and that's
- 35 not necessarily the case, and they need to be educated about that, but country of origin labelling would certainly benefit that.
- The last point I wanted to make, and I'm probably not the best person to speak on behalf of the traditional owners, obviously, but we do a lot of
- 40 work with them and work very closely. Spending time in the Kimberley, it becomes very apparent that the traditional owners do have an interest in fisheries and want to be involved in the consultation and the decision-making process around fisheries, but currently don't know where to start. They don't have the support, the corporate governance structures, the
- 45 knowledge of how to actively engage, and I think some of the departments

as well don't know how to adequately engage with the traditional owners, and that has led to the formation of a working group up in the Kimberley of traditional owners who want to be actively engaged and involved in fisheries decision-making, and I've given Chris the number of a lady who is very articulate, very skilled, very knowledgeable about fisheries and is driving this working group to get involved and look at either a state body or a national body that can assist traditional owners to get involved in fisheries consultation, and they would be an ideal group to give some evidence on the questions you ask about the Indigenous engagement in customary fishing and Indigenous involvement in commercial fishing. So  
- - -

**MS CILENTO:** That's very helpful, and I think particularly in identifying - if it assists us in identifying where some of the barriers to that engagement exist, that would be useful, because one of the things that's clearly identified in the report is not dissimilar to recreational fishing in many places, that - just the lack of understanding about what's actually going on and how you can incorporate that knowledge into better decision-making, but I think even more importantly, specific to Indigenous fishers, is their sort of - the knowledge of the resource itself and thousands of years of custodianship in how that can be better incorporated into fisheries management.

**MR GILL:** Yes. Well, my involvement in it has been quite a close involvement over the last couple of years. There certainly is that level of knowledge. There's the interest. But they just, at the moment, don't have somebody that they can approach.

So in Western Australian, the integrated fisheries management process identifies three stakeholders: commercial, recreational and customary. The commercial and recreational groups are well-represented, well-resourced in terms of their peak body status, and the traditional owners are looking at that as a potential model for how they may move forward in becoming involved in the decision-making process.

**MS CILENTO:** Just going back to your own project, I think one of the things which we sought to do in addressing aquaculture in the draft report was, I think, hopefully to try to identify the broader challenges that face this sector. So our remit was specifically in regards to regulation, but one of the things that became clear through our own consultations and engagement was that there are a number of really important requirements all the way through that are important challenges to establishing viable aquaculture industry within Australia.

And you've - I think your project highlights a number of those pretty

clearly, including, you know, the challenge in many locations is access to an appropriate marine environment, particularly where - in more populated areas where, you know, uncontested access is going to be a challenge.

5

Here you've got the space.

**MR GILL:** And a lack of population centres.

10

**MS CILENTO:** Lack of contest. But with that comes a whole range of other challenges, including distance to market, the infrastructure requirements, and I think a more acute need for skills and experience given the sparse population as well. So just one of the reasons why we thought it was a useful example.

15

**MR GILL:** And it addresses two issues. There is a lack of employment opportunities on country.

**MS CILENTO:** Yes.

20

**MR GILL:** And that leads to a whole host of social issues in a lot of those communities. And there is a high level of excitement about the opportunities that this may bring, the ability to work on country and, you know, undertake training to understand how to grow fish in the modern era, the way we do it, added to their traditional knowledge of country.

25

**MS CILENTO:** Yes.

30

**MR GILL:** So it's really exciting, and a lot of people are very excited about the opportunities that will come. We just have to make sure that we don't fall into that unsuccessful category, and actually plan really well, and if there was an opportunity I'd really appreciate some support for the Indigenous Advancement Strategy to fund the bankable feasibility study that we're undertaking so that we do plan well, we do understand all the capital requirements, the training requirements, the corporate governance requirements, all of those things, to make this a success.

35

**MS CILENTO:** Okay. I look forward to seeing how you progress.

40

**MR GILL:** Indeed.

**MS CILENTO:** Thank you so much for your time.

**MR GILL:** Thank you.

45

**ADJOURNED**

**[11.32 am]**

5       **RESUMED**

**[11.54 am]**

**MS CILENTO:** I welcome you, Matthew.

10       **MR WATSON:** Thank you.

15       **MS CILENTO:** Do you want to introduce yourself? And then we're over to you in terms of any sort of general comments you want to make or observations on any of the recommendations or findings in the draft report?

20       **MR WATSON:** No problem, yes. So Matt Watson. I'm the Australian and South East Asian fisheries manager for the MSC - that's the Marine Stewardship Council. We have a vision and mission to see stable seafood, healthy oceans, and we use our market-based program to drive change, and it comes in various formats. We've done a lot of work in Western Australia and ACOSS with Australian fisheries as a whole, and I think the Productivity Commission's a really good opportunity to kind of take note of what MSC has achieved in Australia, but also look at our future direction.

25       So we've put in a submission to the Productivity Commission at this draft report stage, and we endorse the recommendations, by and large, and yes, it's a good opportunity now to have a discussion with you around the concept of the report, I guess.

30       **MS CILENTO:** Sure.

35       **MR WATSON:** Yes.

**MS CILENTO:** Great.

40       **MR WATSON:** So I don't know where Anne's gone, but we work in Australia really to incentivise and recognition sustainable performance of fisheries. There is that market link, but by and large we look at the way MSC can alter performance on the water. We look at that through MSC's fisheries standards, so we talk about an audit of a management performance against our principles and criteria, and we determine that into three core principles.

45

5 So the first one, as I'm sure you're aware, is that kind of how healthy is that stock, the target stock, and what's done to really protect that fishery in terms of the management performance. The second one's the more holistic look at the environment, looking at by-catch levels, habitat interactions, ecosystem impacts and so on.

10 So we look at the wider performance of the fishery against the ecosystem, and thirdly is the longer vision of the management performance that backs up the fishery, how good is the performance of that management regime, what's the compliance rate with any enforcement, and we also look at long-term strategic research and our management priorities.

15 So those are the three core principles, and behind that lies our certification requirements, which go into some detail.

**MS CILENTO:** Yes.

20 **MR WATSON:** And in Western Australia, Department of Fisheries have looked at MSC after a due diligence process and really come out saying that what MSC offers the Department of Fisheries and the state government over here really aligns to their willingness to change public perception of how fisheries are managed in the state.

25 So that's a lot of the discussion we've been having. And I was looking at where I spend my time working in Western Australia, and a lot of the time spent engaging with industry, but also I spend a lot of time working with Department of Fisheries and WAFIC to work out what they want from the MSC.

30 And some of that's around perception shifts with markets. Others is social licence to operate. Others is that management regime shift. And for other guys looking to export into MSC-sensitive markets, it's all about the market access.

35 So there's a lot of discussions going on on many platforms at different levels. But yes, MSC is really part of the furniture in WA, with the Rock Lobster guys being the first in the world to get MSC back in 2000, and they have maintained that certification for the 16 years since then, and over the years things have changed, but really MSC has really  
40 underpinned any changes and just given confidence to the management system and the fishers on the water that their fishery is sustainable for the indefinite future.

45 **MS CILENTO:** Can I - just in terms of those, I mean, you sort of flagged, I think, you know, four priorities, which is sort of perception



shifts in markets, social licence, exporting into sensitive markets, and then the management regime.

**MR WATSON:** Yes.

5

**MS CILENTO:** I mean, I think one of the things that we sort of identified in the report, which not everyone would necessarily agree with, was just that a lot of the benefits that flow from MSC certification actually relate to access to markets, marketability, a perception around a product premium. And so as we would see that, they're largely private benefits.

10

**MR WATSON:** Yes.

**MS CILENTO:** Is that how you see that?

15

**MR WATSON:** No, and that's - our submission interpreted that differently.

**MS CILENTO:** Yes.

20

**MR WATSON:** There's 300 fisheries around the world which engage with MSC, and there's pretty much 300 individual reasons for their reasons for engagement. Some reasons are political, that they want to show that their fishery is sustainable and get more out of the political system to support that. Others will see a market premium that they have driven. MSC doesn't go in talking to fishermen saying, "We guarantee market premium."

25

**MS CILENTO:** No, no, absolutely.

30

**MR WATSON:** But certainly I don't think it's - it's definitely not a private incentive. It's certainly down to the fishers to determine their own benefits. At the end of the day, we're not their marketing body, we're just a value-added process which shows credibility - or shows their stakeholders credibility, and they can use that as they see fit, essentially.

35

So it's very difficult to say what's determined benefits. The Rock Lobster guys had a cost benefit analysis which came out with all these subtle nuanced benefits including financial benefits, with the banks being more prepared to lend to a fishery that has third-party certification.

40

**MS CILENTO:** Sure. So let me ask it a different way then. Are there clear community benefits that you identify?

45

**MR WATSON:** I think so. I think with the Peel Harvey fishery, for

example, that fishery is so visual, it's so immediate, it's on this community's doorstep, social licence to operate, and the community benefits are there. They're definitely being teased out as we speak. That fishery's in the early stages of their MSC journey, but yes, there is - - -

5

**MS CILENTO:** So what sort of early stage community benefits would you identify?

10 **MR WATSON:** Well, the fact that they're getting - they're a small fishery. They're 140 tonnes by their landing weight, but they're very valuable to the community, and the fact they cannot overstate their position with regard to the media interest that fishery picks up is just kind of in part credited to the MSC process they've been a part of, and we're seeing that with the Leyton Kurrong fishery down in the south as well, 15 and there's other examples as well where, let's say - let's think. Come back to me on that. But there's definitely documented benefits in terms of what MSC can offer a fishery.

20 **MS CILENTO:** Okay. Just - you mentioned that some - around the world, some fisheries will use MSC certification for political objectives. Is that - would you expect that in environments that are well regulated already, or are they in jurisdictions where there may be questions about the underlying quality and extent of government regulatory frameworks?

25 **MR WATSON:** Yes, I see it in both. MSC is present in developing world countries and developed countries. And an example I'm thinking of is in Mexico, where they wanted an improved management structure, and they used MSC to kind of leverage that position, and because of the market shift after they got MSC it led to the secondary benefits through 30 the government commitment, including better infrastructure, ice facilities, and those kind of benefits that came about because the markets were then interested in the products.

35 But also in developing world fisheries where industry wanted their management to just step it up a little bit, to see things from their angle. They used MSC to get the management regimes and their politicians committing to sustainability through third party certification. So it has happened in both developing world and developed world countries, and again it's down to the individual needs of that fishery.

40

**MS CILENTO:** Okay, thank you. Sorry to interrupt.

45 **MR WATSON:** That's okay. In the report we looked at the potential for third party certification to be subject to market bias, and I was going to say that our credibility and transparency just can't really offer that, so we

have three tiers of governance which really direct the best practice way for our standard takes, and we've also got the chain of custody standard, which is determined by those government structures, and really that's - it's a balance on those governance boards about different interests.

5

So we've got the market interest there, but we've also got academic, government and industry interests which are represented in our boards, and what that really shows is that not one single party can show influence over the direction the MSC takes.

10

And we've just been through this with our fishery standard review, which looks at the performance of our requirements against best practice, and those governance boards, and a wider stakeholder community, have the opportunity to input into that direction, and what came out was something that was agreed by all parties, and it wasn't driven by one single interest.

15

There were interested views proposed, but the outcome was something that everyone agreed with, and certainly was transparent and credible against ISO requirements and the UN's FAO good practice guidelines for third party certification.

20

So whereas - I think your report, it picks up that third party certification might be subject to market bias, we at the MSC don't see it that way.

25

**MS CILENTO:** In respect of the MSC?

**MR WATSON:** Yes. Certainly I can't speak for other standards.

**MS CILENTO:** Yes.

30

**MR WATSON:** Yes. And I think - and part of that is the stakeholder council, of which WAFIC is a member, and Department of Fisheries sits in as an observer, and they meet at least yearly with further kind of telephone conference to discuss key interest in parts of the MSC process, and that includes future direction, what we should engage with and what we should leave alone.

35

And that changes regularly in terms of - it goes with our best practice wavelength, but it's never signed off by one party. It's a unanimous agreement by all our stakeholder representatives.

40

**MS CILENTO:** Okay.

**MR WATSON:** Yes.

45

**MS CILENTO:** Did you have any views about ways in which MSC accreditation and other environmental regulations here could be made to work better together?

5       **MR WATSON:** I think what we've seen Western Australia, with a pre-assessment underpinning the direction of WA commitments, was really impressive. It's world-leading. There's others around the world which have MSC commitments to kind of underpin their management strategy, but in Western Australia it's really driven things such as the kind of  
10       harvest strategy uptake, where it really drives how they implement harvest strategies for their fisheries. That was fantastic. And it was good to see a recommendation in the draft report saying other states should consider a holistic approach to harvest strategies, because I think MSC can offer a solution there.

15       I think the consultation change which has allowed non-catch stakeholders to better engage with the management system in Western Australia was a good one, and again that's something that could be replicated in other states across Australia.

20       But no management regime is perfect, nor is the MSC, but what it does, it identifies gaps or issues which can be addressed at an efficient scale. So instead of taking these kind of piecemeal chunks of management, when you look at benchmarking your whole management performance across  
25       the state, what you can see is your roadmap for the future. You can see what's your immediate priority and you can see what's something that should be addressed within the next five to ten years.

30       And MSC's standard really offers that opportunity, with a pre-assessment at the confidential level, and then a full assessment which is then driven by stakeholder engagement. It allows further stakeholders to engage and have their say on the performance of Australian fisheries.

35       **MS CILENTO:** All right, that's useful. I didn't have any (indistinct) questions.

**MR WATSON:** No? I'm not checking emails here, I'm just flicking through my submission.

40       **MS CILENTO:** No, no, I totally understand.

**MR WATSON:** Cool. What else are we talking about?

45       **MS CILENTO:** I'm trying to be a screen person these days too.

**MR WATSON:** Yes. I've got paper here.

**MS CILENTO:** It waxes and wanes in its own efficiency.

5 **MR WATSON:** Yes, certainly. Something I flicked through - - -

**MS CILENTO:** Take your time.

10 **MR WATSON:** We looked at some of the FRDC market research that's  
been done on kind of consumer trust, and again, this is where our position  
might have differed somewhat from the report in terms of who trusts who  
in terms of government legislation, and the FRDC market research says  
that it's basically a rule of thirds, where one third do trust governments,  
15 one third don't really know what's going on with the governments, and  
one third vehemently distrust governments, and that's where third party  
certification can just add trust in terms of the government legislation.

20 We think MSC third party certification is a trusted way to work in the  
food world, and we're not saying we - you should trust us more than  
governments, we just say you should trust your government because of  
third party certifiers. So this is a good way to just realign our trust values  
and just show that, in Western Australia, the government here is doing a  
good job, and how you can see that, because they have third party  
certification for these fisheries.

25 So that report is embedded within our submission.

**MS CILENTO:** Yes.

30 **MR WATSON:** And I think we say that as our take-out message is that  
we're not here to do the job of government, but we're here to kind of just  
align and show the consumers and the stakeholders that have an interest  
that a government regime is doing a good job, and here's why, because  
they've been through an independent third party look with regard to the  
35 fisheries' performance.

**MS CILENTO:** Okay.

40 **MR WATSON:** Finally I think the recommendations we saw, especially  
on the wild capture level, were fantastic. It was good to see  
recommendations to eastern states to essentially up their commitments to  
sustainable exploitation.

45 We're not saying MSC is the panacea, but we certainly see that we could  
work in eastern states if we were invited to on a similar scale to what

5 happens in Western Australia. There's management efficiencies, and even with that 14.5 million that has been ring-fenced over for the third party certification projects, because of the way the government works, has structured that project, it's been a really economically efficient way of making some of the changes that have been recommended in the draft report.

10 So we've seen, like, the harvest strategy implementation being a really cost-effective to roll out that strategy.

**MS CILENTO:** Does it - remind me. The 14 million, does that cover the fisheries - that's the pre-assessment stage, isn't it?

15 **MR WATSON:** It's for everything. So that 14.5 million was split into two.

**MS CILENTO:** Yes.

20 **MR WATSON:** 8 million was for capacity building within Department of Fisheries - - -

**MS CILENTO:** Yes.

25 **MR WATSON:** - - - for their science, their research, and their policy.

**MS CILENTO:** Yes.

30 **MR WATSON:** 6.5 million was given to - not given. Is available to industry for the pre-assessment, the full assessment and the first surveillance audit - - -

**MS CILENTO:** Yes.

35 **MR WATSON:** - - - with the expectation that any fishery that does commit - and that's a voluntary commitment - but does see it through for at least five years before they evaluate the value in the MSC third party certification, of which, because of the way that money's been made available, it's been spent very wisely. It hasn't been spent at the anticipated rate, because there's been such efficiencies made in terms of  
40 doing these things all at once with regards to the pre-assessments and some of the assessment work.

45 So there's actually a lot of money which is still available in the pot, which we hope to see rolled over into the next elective four year cycle. As a result, the money should still be available to industry to see through the

MSC commitment in the near future, and I think WAFIC and government want to see, idealistically, in the next 10 or 20 years every fishery in the state have the opportunity to get MSC certification, or ASC for the aquaculture guys, but essentially, yes, that money is still there, and because of those efficiencies hasn't really been spent at the anticipated rate. Which is great, because if any other state government is looking, I'd assume they'd send a delegation to WA to have a look at what's been done over here, and that discussion can be had around how much should these projects cost in terms of what's needed on the water.

**MS CILENTO:** Okay. Well, thank you for that.

**MR WATSON:** No, great, thank you.

**MS CILENTO:** Thanks for your time.

**MR WATSON:** No, no worries.

**MS CILENTO:** Is that a presentation?

**MR WATSON:** It's just a kind of overview of MSC.

**MS CILENTO:** That's fine. I'm sure we have that already.

**MR WATSON:** Yes, that's great.

**MS CILENTO:** All right, great.

**MR WATSON:** Cool.

**MS CILENTO:** Thank you.

**MR WATSON:** No worries.

**MS GABRIEL:** Sorry, I hope I didn't invite myself over to the table. I thought I'll just keep Matt company but it seems like he didn't need any from me, so that's why - so thank you.

**MR WATSON:** Yes. Anne's the program director for MSC (indistinct).

**MS CILENTO:** Yes, thank you.

**MS GABRIEL:** Thank you very much.

**MR WATSON:** So have you got a busy day, or - - -

**MS CILENTO:** Yes, we're sort of - another two presentations, so - - -

**MR WATSON:** Good.

5 **MS CILENTO:** Yes, cool. Thank you very much.

**MR WATSON:** No worries, thank you.

10 **MS GABRIEL:** A pleasure.

**MS CILENTO:** Put my glasses on. Frank? Thanks Frank. Frank, if you wouldn't mind introducing yourself and explaining where you're from or what capacity you arrive before us?

15 **MR PROKOP:** Sure. My name's Frank Prokop. I'm here presenting as an individual, although I am currently a visiting research fellow at Curtin University. I've spent 14 years as executive director of Recfishwest. I was commercial fisheries manager for the Western Rock Lobster Fishery and recreational fisheries in New South Wales and Western Australia. I'm

20 a previous FRDC director. So I've had about 30 years of experience in all of this. I come wearing many hats.

**MS CILENTO:** Thank you, and I acknowledge that we've got a submission from you as well in response to the draft.

25 **MR PROKOP:** Absolutely. So I'd like briefly to speak a little bit to my submission and - - -

30 **MS CILENTO:** Please.

**MR PROKOP:** - - - I think - I hope that there'll be some interactive questions, because I challenged a number of the - - -

35 **MS CILENTO:** Sure.

**MR PROKOP:** - - - suppositions that are in the Productivity Commission report. Yesterday Ann Rushton gave a short 10 second YouTube video claiming how wonderful the time she had at the first ever

40 Gone Fishing Day and welcoming people to participate in the next one.

I think that indicates a lot of the reasons why the recreational sector finds far greater comfort in political processes than it does in existing bureaucratic management processes. So we've got a parliamentary secretary who is happy to publicly espouse the significant benefits of

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5 recreational fishing, yet sadly the Productivity report, other than mentioning it's got enormous social benefits, makes no attempts whatsoever to quantify, define or provide a methodology for realistic comparisons upon which resource management decisions could possibly be made in the future.

10 I give you the question that I posed to Senator McDonald - it's in my submission - in 2002, which is, do you know of any industry with so many participants and so much economic activity that gets so little recognition by government than recreational fishing?

15 It is worth in the vicinity of - the most harsh critics, \$1.85 billion, to more than \$10 billion. Probably \$5 billion plus is a reasonable estimate of economic activity.

**MS CILENTO:** Is that on the basis of expenditure?

20 **MR PROKOP:** Which is recognised by the state governments in each of its annual reports. If the commercial fisheries are worth \$1.73 billion and if you add however many type two multipliers you would care to add, you will at best come up in the vicinity of \$3 billion which means that the recreational sector is worth somewhere between 1.4 and 3 times the commercial value to the community.

25 **MS CILENTO:** So can I interrupt?

**MR PROKOP:** Yes, of course, please do.

30 **MS CILENTO:** So one of the things - so I think what I would say in response is that number one, I think we pretty clearly and strongly articulated in the report the importance of recreational fishing, the fact that it needs to be taken into consideration, the fact that we need better measurement, and highlight different ways to do that.

35 I think we also highlight that we don't think expenditure methods of assessing the value of recreational fishing produce the right results, and throughout the consultation process we have asked numerous bodies through our engagement and questioning for the ways in which they might suggest we go about this, and other than surveys, which we have  
40 advocated, there hasn't been a strong alignment of particular approaches.

So I think we flag a couple, and then we stress the importance of getting better data and working with the rec sector to define appropriate methods to determine benefit and value.  
45

- MR PROKOP:** You've rightly identified valuation as - absolute valuation as a methodology, but then you've gone straight into Hundloe-esque models of contingency and travel valuation models, which by and large grossly undervalue recreational fisheries.
- MS CILENTO:** So I'm happy for you to recommend a preferred approach.
- MR PROKOP:** What I'm suggesting is that one of the strong recommendations should be that there is a development of methodologies to determine what that might be. I think we need to get - - -
- MS CILENTO:** That's fine. Who should undertake that?
- MR PROKOP:** My personal view is that FRDC should coordinate a working group which includes objective and independent expertise. The problem is that there is a whole lot of vested interests in certain positions, including by the recreational sector, to come up with the highest possible valuation.
- But if I can just return to an absolute comparison?
- MS CILENTO:** Sure.
- MR PROKOP:** Recreational fishing is worth more than the Australian Football League in terms of its economic activity. It probably has almost as much media coverage as the AFL. It doesn't have a dedicated channel on Fox, but it has many television programs which come forward.
- It is the largest invisible industry in Australia insofar as it is not considered a significant proportion of tourism, where much of the activity is - comes under tourism. It is not considered a sport. For example, I've got the reports from the government on sport expenditure and others. It doesn't rate, yet the government will tell you that the participation rates vary between about 15 to 18 per cent to a size 23 per cent in various jurisdictions.
- The exports of goods does not include fishing tackle, and the import does not include - it includes boat shots and other vessels, but does not include recreational tackle, yet the Australian Fishing Trade Association at its conference in 2009, from memory, suggested that it was going to be worth \$1 billion retail at that point in time.
- So somewhere somehow a massive amount of equipment and expenditure is cryptic and not being picked up anywhere within government with

respect to either its impact or its benefits, and I think it's extremely important that we come up with mechanisms by which those types of comparisons should be able to be quantified and to translate into realistic decisions.

5

I think that - and it's an extraordinarily difficult proposition for the Productivity Commission, is that it's quite clear that there's catastrophic market failures in terms of recreational fisheries, in that they will universally use political processes over existing bureaucratic processes to try and determine allocation and management outcomes.

10

I think if you take the simple - ask the question, why has this market failure happened, and what can we do about addressing it, I believe that much of the failure rests with the Commonwealth's steadfast ignoring of the sector in terms of its activities and its - any of its economic benefits.

15

**MS CILENTO:** So I don't think we would disagree at all in terms of the importance of recreational fishing. I'm happy to have a look at - again at how we've portrayed that in the report, but I actually thought that was quite a strong observation of ours in terms of highlighting the extent to which it had been - there wasn't clarity around the way in which it was accounted for or incorporated into allocation and decision-making in many jurisdictions, and I think we emphasised many of the same points that you've just raised in terms of ensuring that there are appropriate methodologies to consider and value the benefits that are derived through recreational fishing, and indeed, point 2, the vast number of Australians that do actually engage in that.

20

25

In terms of jurisdictions, I mean, my understanding is that recreational fishing is by and large regulated by the states and territories, so I'm wondering if you could just elaborate on your concerns around the lack of interest from the Commonwealth?

30

**MR PROKOP:** It is at a number of levels. One is that OCS, as you've rightly pointed out, exclusively gives jurisdictional powers to the states for recreational fisheries. That has meant that the Commonwealth has said, "It's not our problem," yet there are significant overarching issues, and you've touched on a number of them in terms of, for example, hypothecation, and I've touched on one which is a comparison between the Wallup-Bro system in the United States, where there is a small hypothecation on the import of fishing tackle which goes into federally administered funds back to the states.

35

40

That had been assessed and determined. It was - it's not supported - strongly opposed by the fishing tackle industry, but for me, the take-home

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5 message from the report was that the recreational sector isn't paying and should. The box where you talk about the recreational fishing sector taking more than the commercials, therefore they have to be controlled, was, in my view, something that needs to be strongly addressed, because all fish resources are not created equally.

10 So for example - and I use the example in my report. We've had a strong and transparent allocation process which has given 95 per cent of the Western Rock Lobster resource to the commercial fishing industry. That has been accepted. The recreational sector has had 5 per cent. But if you follow the logic that's contained within - or at least inferred in your box, because the recreational sector is catching more Dusky Flathead in New South Wales they therefore have to be - have their catches constrained, is an assumption that needs qualification quite clearly, and Dusky Flathead is a particularly interesting example in New South Wales, having been the manager there, put in place the first ever bag limits in 1991 for them.

20 Flathead are considered a Commonwealth species by family, and there was significant issues with Commonwealth people coming into state waters to catch Dusky Flathead which they were then allocating against the Commonwealth quotas and not against any state management.

25 Dusky Flathead have gone from a food fish in 1990 when I first came into management to the point where there are now maximum size limits and slot limits, and most of the - particularly the large females are being released.

30 The challenge is that - and I touch on it with McLeod's assumption of a null hypothesis with respect to resource reallocation, where he says a commercially caught Herring in Western Australia is worth three to four cents. For reallocation to be possible, you only have to have a value of the recreational sector greater than four cents. It's not an argument that would even be considered.

35 So in the case of Dusky Flathead in New South Wales, I cannot, at a political, practical, economic or biological basis, come up with a reason whereby the recreational catch share shouldn't be greater than the commercial catch share for Dusky Flathead in that jurisdiction.

40 **MS CILENTO:** So I think, and if this doesn't come across I'm happy for us to have a look at how we're presenting this in the chapter, I think the point we were trying to make is - was simply that there is a large - in some fisheries there is a large amount of activity that's poorly understood, and that if you are going to manage for sustainability, that it would be useful  
45 to understand what that activity is.

**MR PROKOP:** And as I've said - - -

**MS CILENTO:** So I don't think we were implying - - -

5

**MR PROKOP:** - - - your conclusions are quite sound.

**MS CILENTO:** Yes.

10 **MR PROKOP:** What in my view is lacking are those qualifying  
statements that make it clearer that that is the basis by which you are  
raising those issues, because with - in the absence of that context it can be  
interpreted that because the recreational sector is catching more Dusky  
15 Flathead in New South Wales or King George Whiting in South Australia  
they must be controlled, constrained, and pay a far greater access to  
control for their share of the resource.

**MS CILENTO:** Okay, so I'm happy to go back and have a look at that. I  
don't think it's reasonable to conclude that we said that they should pay a  
20 far greater access fee from what we put - outlined in that section of the  
report. But I'm happy to go back and have a look at how we presented it.  
But certainly the intention was simply to demonstrate that there are  
fisheries in which, whilst for most people when they think of fisheries  
regulation they think of commercial, and in fact that's been the practice in  
25 many jurisdictions, that the focus is very much on commercial activity,  
that there does need to be consideration of recreational activity, and we  
were just presenting examples of fisheries where there is a significant  
recreational take but there is a lack of concrete evidence about how large  
that take is and how that take is changing over time.

30

**MR PROKOP:** I do refute your assertion that the recreational sector has  
been largely ignored. Several of the references which I have included  
show that recreational management in the period that I was active, from  
1990 to '93, had between 200 and 1,600 per cent increases in management  
35 compared to commercial fisheries.

So what I've said in my submission is that that does reflect to a large  
extent the fact that there had been almost no recreational management up  
till that time, but I do believe that it is a generalisation to say the  
40 recreational sector hasn't come under management, and indeed in Western  
Australia things like possession limits, the Barramundi Accord, the  
Toohey process on - with explicit allocations of Rock Lobster, Abalone  
and Demersal Scalefish has demonstrated that the recreational sector has  
that capacity to come through.

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5 Your report again talks about the Western Australian model, which I think is very good, where WAFIC and Recfishwest take the strong lead. What it would have benefited from was a recommendation that there needs to be resourcing of particularly the recreational sector at the national level to enter into those debates, for example, with Southern Bluefin Tuna, where at the moment the recreational sector is - has little or no chance of getting a reasonable hearing through existing processes.

10 **MS CILENTO:** Okay.

15 **MR PROKOP:** So you talk about the need for greater cost recovery, and I think that that is very true, that the recreational sector does need to pay. But as I've said in my report on a number of - my submission on a number of occasions, in many cases they are paying a significant amount. For example, Western Australian Recreational Rock Lobster Fishery is one of two, in my opinion, true resource rents that exist at the moment, and I don't know what the figures are as of today, but when I was at Recfishwest a couple of years ago, it was between three and five times the return to government per kilo of fish caught.

20 In addition, they are still tracking at about 60 to 65 per cent of their allocated catch, and it would be nice to have the report more explicit in mechanisms by which that we could have a transparent two-way reassessment of catches and other things going forward.

25 As it exists now, if the recreational sector is under-catching its resource, it receives no benefit, but if it exceeds its catch, it will be subject to further management controls quite quickly. So it could be argued, and it hasn't happened yet, so this is theoretically, that the 339 tonnes which was in 30 2014-15 by the annual report is being reallocated back to the commercial sector at a ratio of 95:5 because that's they're overall explicit allocation.

35 So the - we have a system where when we do have explicit allocations, the recreational sector is not able to enter the market. If it does enter the market, it's highly likely to be rapidly skewed or distorted because it's very thin anyway, and they'll work out that maybe the guys will have to pay extra.

40 And we have significant additional difficulties in that for - and I've stated in my report, for example the recreational sector may wish to trade some of its catches for area access. So we don't have any mechanisms by which more lateral and creative resource sharing arrangements can be entered into if the recreational catch shares are translated into a formal and explicit rate.

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5 **MS CILENTO:** So is that - I mean, we do - we did touch on this, you know, inter-sector transfer of quota more generally. I have to say it's something that's met with some resistance even here this morning in terms of its ability to be managed and dealt with and the need for underlying robust fisheries management strategies to be in place.

10 Now - so if you're suggesting that in the Rock Lobster Fishery that that's a good example where it could happen, that's an interesting observation. More generally, I have to say, we've had some pushback even on our existing recommendation that was, I thought, fairly modest.

15 **MR PROKOP:** And I have to say that that merely highlights the catastrophic market failure, which is that the people who have a vested interest in continuing with existing systems have no desire to examine change which allows the legitimate recognition of another sector in terms of resource allocation and ongoing management. There is no better example, and I highlighted it here with respect to Southern Bluefin Tuna, where it could be argued that the government has been wilfully negligent in allocating 100 per cent of a common property resource to the commercial fishing sector, and the question that needs to be asked - and  
20 ironically you touch on it in your Aboriginal fishing section but not in the recreational sector section, is should the recreational sector be expected to buy back a share of its catch which it should have had in the beginning but which government has wilfully neglectfully overly allocated to one sector and one sector only?  
25

30 In the case of native title, it's been increasingly found that the government is responsible for the consequences of that mis-allocation, and it's something that the recreational sector is looking at in terms of political avenues, because neither AFMA nor DEWR are interested in going back and revisiting history from the context of addressing any mis-allocations or negligent allocations which it may have made in the past.

35 **MS CILENTO:** Yes. But I think some of the other issues that were raised are actually some of the points that you made earlier, which is about ensuring that there are bodies that are capable of representing recreational fishing and the like.

40 **MR PROKOP:** I think that one of the great strengths of Western Australia is that we've developed a largely respectful and cooperative arrangement between commercial fishing, aquaculture, and recreational fisheries.

45 The Indigenous issues continue to be an oversight, and in my personal opinion it's a tragedy that the Aboriginal fishing policy never came to

fruition, because it was a very good policy in my view, and would have addressed many of the contentious inequities that exist with that sector.

5 But in the Commonwealth, we have no such systems. We have very strongly developed relationships between AFMA and the commercial fishing industries, but we have none for the recreational sector, and there is no interest in developing either the expertise within government or outside of government to enable those discussions and debates to be had.

10 You talk in a number of cases about repetitions and differing management regimes across straddling stocks, and I do believe at the national level there is some need for examining that in a more objective manner. I ran many years ago a workshop called Same Fish Different Rules, which examined that explicitly. The absolute irony is that in Western Australia  
15 we changed our King George Whiting rules to reflect South Australia simply so that we would have some consistency across the stock for jurisdictions. South Australia changed its rules three months after Western Australia changed its.

20 So there was no reward for cooperation and assistance in that regard. But what we don't have is someone in the helicopter. I've touched on, in terms of economic theory and different marginal valuations, that I do believe that there is a potential opportunity to examine in an economic sense the comparisons of the different management regimes in a marginal  
25 economic sense. For example, the difference between size limits of Pink Snapper between the various jurisdictions could be a legitimate form of research. It is currently not considered to be a priority, and one of the major challenges is, and I allude to it in my submissions, is that the assumptions that underpin economic and biological theory are seldom  
30 challenged, and they do not hold up very well against a sector like the recreational fishing sector.

As I've said, the biological models, up until recently, assumed constant recruitment, which we now know is specious, and has probably resulted in  
35 the crash of a number of stocks because recruitment can vary by orders of magnitude, and economic theory often holds to the thinking man model, but most fishermen behave much more like gamblers than they do the thinking - the logical man. In other words, when things are bad, rather than ceasing to fish, which is what Don Francois used in New South  
40 Wales, they fish harder, both commercial and recreational fishers.

And you've got this situation whereby when stocks are no longer commercially viable the recreational sector continues to fish and can mop up. So neither of them individually are responsible for stock declines, but  
45 together they are - have significant additional impacts, and there's nobody



looking at the different motivations and trying to determine how we can take a conservative approach towards management.

5 My firm view is that in Western Australia the Western Rock Lobster and Toohey processes and another process which was the Barramundi Accord enable - if the sectors get together as peers to discuss and debate issues of commonality rather than issues of difference.

10 The saddest fact in places like New South Wales are that the commercial fishing industry's reluctance to negotiate on any resource-sharing issues has meant that they have gone to political outcomes, and when the recreational sector has had the political wheels turn in their favour, they no longer cared about the people, they cared about winning.

15 And recreational havens in New South Wales in my haven are a sub-optimal result. With almost any exception a zero-one decision is extraordinarily high risk, and every time you come up with a one on your favour you're closer to getting a zero.

20 And I think that there's - and I don't know whether he's come to see you, but there's a young man named Damian Bell who works in the Peel-Harvey Crab Fishery who's doing an enormous amount of good in terms of negotiating a small, profitable commercial fishery that works in conjunction rather than in opposition to the recreational sector.

25 So the report doesn't differentiate, for example, the vast difference between in-shore and off-shore fish stocks. I talk about, in my report, about the massive difference between prawns and pearls, for example, that have only a tangential impact on recreational fisheries and are rightly  
30 managed largely for commercial benefit.

35 But an estuarine gillnet fishery for Mullet in New South Wales is highly interactive, highly controversial, produces an extraordinarily low-value product and one that's equally replaceable with a beach (indistinct) caught Hard Gap Mullet that is infinitely superior both as a product and in terms of its sustainable management, yet it's continued to exist because of a history rather than rational objective consideration.

40 **MS CILENTO:** So just - I mean, I'm interested in what's the process where we get to that rational - in your view, what's the process that gets us to a more rational outcome?

45 **MR PROKOP:** With the exception of Western Australia, the recreational sector are not considered legitimate stakeholders. So the first and most important factor is that they have to be considered to be legitimate

stakeholders.

5 In the case of the eastern states, the adversarial nature of the discussions is going to take extraordinarily strong leadership, and my personal opinion is that if AFMA are interested in dealing with recreational fisheries they need to develop the expertise internally to demonstrate that they can be objective and show true leadership in facilitating outcomes.

10 The tragedy is that they recently reappointed a board with no representation whatsoever from the recreational sector again, so I cannot see how it's possible for them to redress those historical difficulties.

15 **MS CILENTO:** I'm a little bit conscious of time. Do you mind if I ask you specifically about tuna?

**MR PROKOP:** Yes, yes. Can I just go back to one point - - -

**MS CILENTO:** Yes, certainly.

20 **MR PROKOP:** - - - and that's my assertion that the - about what I consider to be a fundamental error in the assumption of the 12 per cent expenditure? That what you have taken is the expenditure on commercial fisheries - sorry, the expenditure on all fisheries against the benefits of commercial fisheries, which gives a very misleading over-subsidisation of  
25 the commercial fishing industry, to its detriment.

If you were taking the total benefits - total expenditure against total benefits you'd come up with a figure at 6.6 per cent using the Western Australian figures, and if you used just commercial expenditure, and then  
30 commercial benefit, it is significantly less.

**MS CILENTO:** So have you detailed that in your submission?

35 **MR PROKOP:** I have.

**MS CILENTO:** Okay, that's fine, we'll have a look at that.

40 **MR PROKOP:** So the - again, it's the sort of thing that Treasury picks up and says, "New Zealand is spending 6 per cent and Australia is spending 12 per cent, therefore the commercial fishing industries are getting grossly over-subsidised." I think that's unfair on the commercial fishing industry. New Zealand spends significantly less money on recreational fisheries for a variety of reasons than what we do in Australia.

45 **MS CILENTO:** All right.

**MR PROKOP:** So yes, happy to talk about tuna.

5 **MS CILENTO:** Well, assuming that that more detailed point's in your submission, so that gives us a change to have a look at that, and of course, if we - if it's not clear to us, we can come back to you.

**MR PROKOP:** Absolutely.

10 **MS CILENTO:** I'm just interested in how you think the process should go in terms of sort of re-allocation in that particular instance?

15 **MR PROKOP:** Well, as things stand at the moment, it's highly likely that existing stakeholders will advocated for a buy back of their catch shares. I can understand their position. I can state categorically I think that it is incorrect, that it's common property resource that was allocated - to have 100 per cent of that allocation in a multi-sectoral use to one sector is grossly irresponsible.

20 I have touched upon, in a couple of my criticisms of the report not touching on some of the caveats around quota-based management, about the importance of having proportional allocations rather than absolute allocations. It's generally accepted as the way to go.

25 But in the case of Southern Bluefin Tuna you can adjust the proportions to give effect to a resource allocation by reducing the total proportion of allocations and the conversion into an amount that is less than 100 per cent, so you can do it without having to go to the market. The challenge is at what point in time do you base the allocation decision?

30 And we struggled in Western Australia with respect to Western Rock Lobster, and even more so Finfish, because what you often have got historically is a race to fish when people - when commercial fishermen learn that there's a desire to implement management. So they rush to try and get as much catch history as they can so they'll benefit out of the allocations, and therefore you're making an allocation on the basis of a potentially over-exploited stock.

35 In the case of SBT, the recreational catch - recognised recreational catch has been nothing. It is a particularly challenging fishery, because the recreational sector are targeting - - -

40 **MS CILENTO:** Sorry, the recognised recreational catch has been nothing?

45

**MR PROKOP:** In - the Commonwealth has allocated 100 per cent of its catch share to the commercial sector.

**MS CILENTO:** Sorry, I understand now. Yes. Yes, yes.

**MR PROKOP:** So the recreational sector are catching fish that - - -

**MS CILENTO:** Sorry, I misunderstood what you were saying, that's fine.

**MR PROKOP:** Mind you, I would urge you to have a look at the Coolangatta Communique discussion on this matter, because they talked about this in 2002, and the Commonwealth did nothing about addressing any of the issues that could have led to a resolution prior to 2016, before the SBT catches by the recreational sector, particularly in Victoria, Tasmania and southern New South Wales came to a relatively significant level.

**MS CILENTO:** So your view is that the Communique remains relevant and valid today?

**MR PROKOP:** I think the Communique represents an extraordinarily important baseline for discussion. A number of the challenging questions about recreational catch shares, allocations and property rights were discussed at that time, including some of the cost recovery elements that you've touched on in the Productivity Commission.

The fact that it had been studiously ignored has led to a gross lack of trust by the recreational sector and the objectivity of the Commonwealth to actually address the issues, and in fact you touch briefly on the Marlin issue in your Productivity Commission report. Tragically, I can assure you that the Commonwealth were neither magnanimous, generous, nor objective in the ultimate management, having threatened me with a constitutional writ at the time I was working for the WA Government over Marlin management.

So it was ultimately resolved that states concluded that there was a far better community return on Black and Blue Marlin to the recreational sector than to the commercial sector, and it was ultimately resolved in the favour of the commercial fishermen, the Strait Marlin, which is the one that does have some commercial value.

As I've alluded to, the Productivity Commission in my opinion should touch upon the fact that AFMA were able to access \$220 million for an adjustment for management that, in my personal opinion, to which I am

entitled, gave an over-allocation of latent fishing effort and had a significant negative impact on Western Australia, because they allowed tuna authorisations to be recognised around Australia, which meant that the Western Australian licences that were worth almost nothing suddenly had enormous value, which was then paid for by the taxpayers. They didn't address any of the resource-sharing issues as a result of that.

Coming back to you've raised the issue of tags, my personal opinion is that of all the fisheries in Australia, and I think that the Shark Bay Snapper tagging program in Western Australia was a failure, that's the one that lends itself very well. The challenge and the difficulty is - - -

**MS CILENTO:** Sorry, just - on what basis?

**MR PROKOP:** On the basis that it was overly expensive and the science upon which the original discussions were based was largely inaccurate, and the cost - the cost was very, very high.

**MS CILENTO:** Okay.

**MR PROKOP:** But it was an interesting model and it worked at one level, in that it achieved pretty much what it said. But when the conservation movement were buying tags they were wearing around their necks to keep people from catching them, it wasn't necessarily achieving an outcome. And the stocks recovered quite well, and it's important to remember that in most cases in Australia, including a number of the Commonwealth fisheries where they have been highly criticised, stock recoveries have been pretty extraordinary, and far greater than what the biology had said.

So the problem with SBT in a recreational sense is that if three guys go out on a boat out of Victoria and you have one tag and one guy catches one and you get into a school, how do you deal with the second guy that wants to catch a tuna? What do you do when the tuna are in the order of 80 to 120 kilos, which is far more than most recreational fishers could want, so if you have a bag limit of one per person that represents a significant quantity of fish coming back in. And how do you regulate what people do after they catch their first fish if they've got a tag?

So one of the things that in my opinion FRDC should be investing much more in is angler responses and behavioural responses as management controls approach. It's a tragedy that in Western Australia we have enormously high-quality research on the Sampson Fishery off Perth. It's worth probably more than all the in-shore commercial fisheries combined, yet it has attracted zero interest in overt management because the tradition

is that we don't manage recreational fisheries.

**MS CILENTO:** Okay. Anything else you wanted to add?

5     **MR PROKOP:** Again, my conclusion is that conclusions of the report  
and the recommendations are sound. I would like to see far more on the  
methodology of realistic social and economic considerations. I think it  
would be very nice to have you touch upon the challenge of multiple use,  
so that the difficulty of marginal valuation models are that if you're asking  
10     a recreational fisher to value its second and subsequent fish when they've  
already caught ten and let them all go is illogical to the point of nonsense.

The commercial fishing industry are catching a fish and using it. That has  
a value. But in many cases, the recreational sector are using the same fish  
15     three, four, five times.

**MS CILENTO:** Yes, I don't - I mean, I don't - I think we were trying to  
get - get across the point that there are different benefits. It's not all about  
catch. And try to get at what really matters in terms of fisheries  
20     management if you are managing for multiple users. But obviously we've  
failed to convey that.

**MR PROKOP:** Again, I think that the - that robustness of the text is  
lacking. Those - if you think those things are there, they certainly haven't  
25     been picked up by me or by the recreational sector. I think that's a valid -  
very valid point. But what I would like to see an explicit recommendation  
is to say that we need to go down the pathway, we need to be investing in  
mechanisms by which we can make these objective statements, otherwise  
everything will be done politically, and the statement I've said in here  
30     from a local member was, "I've got 20,000 people who fish for fun in my  
electorate and 10 who fish commercially. You tell me where I'm going to  
vote on resource sharing discussions."

And to me, that's a sub-optimal result. So I think we've got a market  
35     failure in terms of the engagement of the recreational sector in  
management, particularly at the Commonwealth level. I think we need to  
have overt investment in - that recognises its community return.

**MS CILENTO:** Yes. Just one last question, and I'm not trying to be  
pedantic here, but one of the things that we bump up against is that when  
you visit different jurisdictions - and there are a number of different  
recreational fishing bodies that we've met - we are not presented with a  
consistent methodology, and this is the way we'd like to go.

45     I think we've - and I take your point about whether we've done it robustly

5 enough or not, but I think we've made the points that you've made around the need for those methodologies. My question is, if we start detailing methodologies, do you think that there is going to be a consensus if we land on a particular methodology across different jurisdictions and different recreational representative bodies on the right way to go about this?

10 **MR PROKOP:** I think that the short answer is, you will find controversy in a sector that represents 23 per cent of the population. There a number of peak bodies that are representative bodies, in other words are driven by the lowest common denominator, which in recreational fisheries is pretty low. They're about maximising their catches and their catch shares.

15 I think that it also comes to the catastrophic market failure of the Commonwealth not to invest in visionary leadership that's able to provide a way forward from the recreational sector at the leadership level.

20 So one of the things that Recfishwest has done, in my opinion, is to recognise that we are not going to be - or when I was there, we were not going to be driven by the people who wanted to kill as many fish as they possibly could.

25 We wanted to say what were the directions that were needed in the past five years. I think the challenge for you as a Productivity Commission is to put in place a clear direction that leads us to that point without necessarily totally committing us to a particular pathway.

30 So if you say that we need to develop the economic expertise, the social expertise, the basis by which recreational property rights might be managed, by which reallocations and allocation processes might be undertaken, it would greatly strengthen the report.

35 If you make a definitive recommendation I would personally have no trouble with that, because it would lead to ongoing and open debate. But if we reconvene the Coolangatta Communique, I think that that provides enough of a sound basis for those discussions to be had.

40 Some of the jurisdictions where leadership is very wanting, and there are a number of states - and I've been national president of Rec Fish Australia on two occasions, so I'm very well aware of the issues about which you are talking. We need to provide a framework whereby the recreational sector has visionary leadership but understands that it needs to be participants, active participants, in management rather than active participants in political and overt political behaviour.

45

5 At the moment, all the rewards are in politics, and if you see the Port Phillip Bay decision is the most recent and unfortunate outcome where some good commercial fishermen lost their livelihoods because of the poor behaviour of a small number of commercial fishermen and the overt political behaviour of some high-profile recreational fishers.

**MS CILENTO:** Okay.

10 **MR PROKOP:** But my final point is that it would be really nice if you could recommend about urban fishing. Because you talk about participation in productivity. One of the things about the recreational fisheries is it's got a - the vast majority of its benefits accrue regionally, which - as indeed do most commercial fishers.

15 So the fishing industries have an enormous capacity to provide regional infrastructure and wellness, and I think it's a point that's worth making.

**MS CILENTO:** Okay, thank you very much. Heather and Darren. Hello, how are you?

20 **MS BRAYFORD:** How are you going? Good to see you again.

**MS CILENTO:** Good to see you.

25 **MS BRAYFORD:** And thanks for fitting us in.

**MS CILENTO:** No worries.

**MS BRAYFORD:** Took us a while to get organised.

30 **MS CILENTO:** Sure. Do you want to just introduce yourselves and launch in - - -

35 **MS BRAYFORD:** Cool. So Heather Brayford, Director-General, WA Department of Fisheries.

**MR FOSTER:** Darren Foster, Deputy Director-General.

40 **MS BRAYFORD:** Okay, so thanks for the opportunity to speak to you today. We have provided a WA Government submission - - -

**MS CILENTO:** Yes.

45 **MS BRAYFORD:** - - - which picks up some of our other colleagues. Not really a lot to say in opening. Just in general we certainly support the



general thrust of many of the recommendations in the report, and many of the recommendations you highlight have already been implemented in WA or are in the process of being implemented.

5 We certainly strongly support recommendations regarding the importance of security of access rights and allocation between the sectors, and I think I've spoken passionately about the difficulties of fisheries allocation versus what I see as fisheries management, and we're really in the game of allocation. I think we've heard some previous comments just then about  
10 the difficulties of allocation.

The benefits of licensing the recreational sector in terms of getting that licensing frame and some of the data to support management and research, and some of the other activities around recreational fisheries management.  
15 So they're some examples where - you know, harvest strategies, we're well down that path, so we support the general thrust.

For the record, the new Aquatic Resources Management Act in Western Australia, which has nearly completed its passage through parliament, we  
20 anticipate it will be passed by the end of the year, which is very good news, supports the development of improved approaches to allocating and managing resources and is very consistent with some of the thinking in the Productivity Commission inquiry.

25 So we're pleased about that. We see that as a positive, and suggest to us that perhaps we're on a positive pathway, which is a good thing. A couple of more specific points, and I will defer to Darren for one of them, but just probably worthwhile talking a little bit about third party certification.

30 **MS CILENTO:** Yes.

**MS BRAYFORD:** Because I think there were some comments in the report that perhaps didn't capture what we see as the value in third party certification. In this case we've chosen MSC, but it probably doesn't  
35 really matter which program it is.

And it's not so much in the context of some of the EPBC stuff that you raised, although I will come back to that. It's really around what we see as the benefits of that process. And it's not so much in the end point of  
40 certification. There are benefits in that, and I can probably let others talk to that because I don't get certified, the fishery does.

**MS CILENTO:** Yes.

45 **MS BRAYFORD:** But what we have seen from our investment in MSC

has been, I think, quite profound and perhaps underdone in the report. And that's around - we have actually seen fisheries management improvements. And Shark Bay prawn trawl is probably a good example where we've had some difficulties in the past getting agreement on an appropriate harvest strategy for the fishery. With the MSC process we've actually been able for the first time to actually have an agreed harvest strategy.

5  
10 **MS CILENTO:** So can I - - -

**MS BRAYFORD:** And I don't think we would have got that without the MSC process.

15 **MS CILENTO:** So I'm interested in what it is about the MSC, as distinct from what government could do or what, you know, fisheries managers and regulators could do?

**MS BRAYFORD:** Yes. I think it pulls some different levers.

20 **MS CILENTO:** Yes.

**MS BRAYFORD:** And shifts some incentive. Because there is a bit of a - you know, there's a reward at the end of it, but it's also highly transparent and visible, so it really does test much finer in a more - probably in a more visible, transparent manner than can often happen.

25 **MS CILENTO:** So the reward at the end of it is certification?

**MS BRAYFORD:** It's a tangible reward for industry.

30 **MS CILENTO:** Yes.

**MS BRAYFORD:** I think there's lots of rewards along the way, though, of which some improvements in one of them, and there's others which I'll come to.

35 **MS CILENTO:** So - and I'm - I am really trying to understand this, so - - -

40 **MS BRAYFORD:** Yes.

**MS CILENTO:** I mean, the argument's been put to us today, so - - -

**MS BRAYFORD:** Okay.

45

5 **MS CILENTO:** If the benefit to that fishery is ultimately accreditation, why - some would argue that they should then embark on that themselves, pay for it themselves, and be incentivised to improve their processes, including potentially come back to fisheries managers and saying, “You need to do things differently in order to get that result.”

So I guess the question for me is, what is the argument that you see for public moneys to be used to deliver that private result?

10 **MS BRAYFORD:** That’s probably a question for government, because government ultimately made that decision at the cabinet level to invest in this, and that was mainly around the social licence to operate perspective, because there was a general view that the community often doesn’t believe government.

15 So even though I report annually to parliament, I report to the Commonwealth around EPBC, industry has its own reporting requirements, there was a general feel that no one actually believes government because, you know, apparently - you know, we can make things up.

20 And they don’t also believe industry, because industry is conflicted. So the third party, rightly or wrongly, the third party independent approach was considered as a very useful tool to let the community know or have our credentials tested in a more - I guess by a third party, basically, that in fact what we’re saying is - - -

25 **MS CILENTO:** And what do you think - it’s an interesting proposition, because really the community - and this is no disrespect to MSC, it’s just the example that’s being put, but how does the community know to trust MSC?

30 **MS BRAYFORD:** The community probably doesn’t, except that MSC in this particular case is a partnership with the World Wildlife Fund, and people often support and support conservation organisations. Even though they have less accountability than a government department does, they strongly support their views, so in this case the MSC has strong support of the World Wildlife Fund.

40 **MS CILENTO:** Yes.

**MS BRAYFORD:** So that’s, I think, seen by the community to be a - well, if WWF likes it, it’s got to be a good thing.

45 **MS CILENTO:** Do you think the - I mean, we note in the report that the

objectives and priorities of the MSC and WWF are different to those that apply to government in managing fisheries resources, and that there are other things to be taken into account.

5       **MS BRAYFORD:** Yes.

10       **MS CILENTO:** But - including the costs of limiting catch for a higher standard of environmental benchmark, if I can put it that way. Do you think there are things that could be done to improve perceptions of existing fisheries management frameworks, you know, in terms of transparency?

15       I mean, there's a number of things that we've pointed to in the report where we think that there are reports that are already produced which we argue could be made available online quite readily.

**MS BRAYFORD:** Oh, absolutely.

20       **MS CILENTO:** Are there other measures that you would point to that might actually enhance the perceptions that the public has about what's able to be achieved through existing regulations?

25       **MS BRAYFORD:** Good question. It's a question that's being grappled with nationally at industry level, at - you know, FRDC's grappling with it, Commonwealth's grappling with it, all the jurisdictions are grappling with it. It's a very good question, and you need some sustained, enduring, embedded program, I guess, to keep those messages clear and consistent.

30       There is a difficulty with the fragmentation of industry across rec and commercial, but also differing approaches with jurisdictions.

**MS CILENTO:** Yes.

35       **MS BRAYFORD:** So it's very hard to get out those consistent messages. So our approach has been to have our science tested and our management tested by an independent party to try to give that extra push. And it's really interesting. Many years ago when we had the EPBC first came along and we had the ESD initiative, and we had to go through and do all of our ESD assessment to seek our export approvals, that caused a lot of heartache, it caused - very resource intensive, a lot of work to be done, and if you look back, at the time, it was probably, you know, "Why the hell do we have to do this?"

40       **MS CILENTO:** Yes.  
45

5 **MS BRAYFORD:** It's exactly the same question you just raised. Why do we now have to show to the Commonwealth we're doing all of this? And when you look back, it was actually, while we've still got some issues with the EPBC, and I'm not distracting from those, overall the process was very good, because it actually helped put into focus and sharpen your focus on what you're doing and why you're doing it.

10 And I think third party certification is no different, is no different to that. You could argue all day whether or not you need it.

**MS CILENTO:** Yes.

**MS BRAYFORD:** Our government's chosen to go down that path.

15 **MS CILENTO:** I'm not - I'm really not trying to be difficult.

**MS BRAYFORD:** No, no, no.

20 **MS CILENTO:** I'm just trying to - - -

25 **MS BRAYFORD:** It's a really interesting - the other thing I think I just wanted to add there is not just have we seen real improvements I think in fisheries outcomes, but what we've really seen, and you can't put a value on this, is improved industry leadership, actually really stepping up and maturing through this process, and improved relationships between the department and industry as we go through this journey, and that's exactly what it is.

30 So I think there's a lot of intangibles that you can't really put a dollar figure on, and aren't really to do with the label at the end. It's, you know, the process that you go through. So we see that's driven some fairly significant improvements.

35 Again, not perfect, always got a long way to go, but I think has been a bit of a game changer in terms of our management.

40 **MS CILENTO:** So we heard previously about a probably slightly better relationship, if you like, between - or more collaborative or professional, however you want to describe it, relationship between commercial and recreational fishing.

What do you think, you know, the driver of that in WA has been?

45 **MS BRAYFORD:** A better relationship between commercial and rec?

**MS CILENTO:** Or at least a sort of - - -

**MS BRAYFORD:** You're not talking about MSC now, you're talking more general?

5

**MS CILENTO:** No, no. Yes.

**MS BRAYFORD:** I think there's a number of ingredients you need for that. You need to understand the data and to get some better data across both the commercial and the rec sector, so what's being used, and we've started to improve our recreational data and our recreational fishing understanding.

10

You need to operate at the integrated or resource-level approach, so it's really difficult in this day and age to just focus on Abalone, commercial Abalone and recreational Abalone. We really need to be talking about the Abalone resource and not so much focused on the sectors and the activities but the overall resource management.

15

So we've moved down that pathway. Probably not as far as I would have liked to, but we've started to move down that path, and looking at really improving that. So that's that resource-level management. The other thing is the recognition of rights and allocation and re-allocation, and that's where our new act I think is an absolute game-changer, because if you want to go down a rights-based pathway, with the rec sector as well, and I think that's very important for them, you need to deal with allocations up front. You need to have that process and (indistinct) and it's going to take you 10 years to decide. You're not getting the benefits of the rights.

20

25

30

So I think it will lead to a simpler, hopefully more streamlined, approach to setting those allocations up-front, with then the capacity to actually adjust those as community expectations change, as values change, as circumstances change. But you need to get that - you need to get the pie a bit more structured.

35

So I think that's building some better relationships, and I think what's really important is being able to have a mature discussion with the two groups, and for those two groups with government also being able to show much better leadership than perhaps we've had historically, and I think over the years we've been getting to a much more mature space with our two sector bodies as well. And the department being able to mature in its approach and being able to have those safe discussions, when you can talk about the real issues without being distracted on individual aspirations.

40

45

**MS CILENTO:** Yes.

5 **MS BRAYFORD:** I'm not sure if that answers your question, but that's probably some of the key ingredients. So the data, the integration, resource level management, being able to - recognition of the rights in dealing with allocation and a process for reallocation as circumstances change, and being able to have that leadership and that culture within both government and the relevant sectors.

10 **MS CILENTO:** Yes.

15 **MS BRAYFORD:** So basically we think that third party certification probably is a bit underdone in terms of some of its value, noting there are some costs. Just quickly on EPBC and equivalents, and I understand what you're saying in the report around the differing - you know, the different roles of environment portfolio and fisheries, I still think there is some benefit in seeking not so much is accreditation is the right word, but equivalence.

20 **MS CILENTO:** Yes.

25 **MS BRAYFORD:** You know, MSC has pulled together from disparate sources the current knowledge that we have, and having to go away and re-do all of that for another process, you know, in the interests of streamlining and red-tape reduction, some capacity to have equivalence whilst not diminishing the EPBC, you know, role and the Commonwealth role I think would be of real value rather than us just duplicating work and re-working information.

30 **MS CILENTO:** Yes. So how different is the information that is needed to be pulled together for MSC versus EPBC?

**MS BRAYFORD:** I don't know, but we do have a project.

35 **MS CILENTO:** Yes.

40 **MS BRAYFORD:** We did have a project which is looking at exactly that between the Commonwealth Department of Environment and Energy, I think they're called now, and our department. So we've actually been looking at doing a mapping exercise to see how they actually match and whether you could seek equivalence or whether there might be some gaps which need to be filled, or perhaps there's other information that's even above and beyond.

45 So that project is still a live project as I understand it, but I don't know the

details of it. And I think one of the difficulties is the EPBC isn't that actual prescriptive in terms of how they do their assessments.

**MS CILENTO:** Yes, okay.

5

**MS BRAYFORD:** But we think equivalence, and in the interests of streamlining costs, is really our focus, but we don't want to diminish normal, you know, environmental processes.

10 But maybe that's a good segue onto EPBC if that's okay, Melinda? Just I'll get down into - - -

**MR FOSTER:** Okay. Well, look, thanks for your recognition in the report of some of the difficulties for the states in managing these interactions and meeting the requirements of the EPBC Act. It's well understood that often when one's dealing with conservation of species you've got to take a precautionary approach based on the information you have, but I guess the nub of the concern the Western Australian Government has is that the EPBC Act can sometimes be a little static in its listing process.

20

So while a matter may be listed and a sort of general distribution might be identified, new information comes along, perhaps localised populations are better defined, there may be variations in the viability of populations in different jurisdictions for, you know, local reasons, but there is not a lot of upgrading or improving of that information based on new things that come to light.

25

So our concern is that the Commonwealth isn't really investing in understanding the population and distribution and habitat dependences of these species, isn't really systematically ensuring there's a recovery plan for each of the species so that you've then got a sort of a menu of action, if you like, on particular matters so that the investment and action is strategic and targeted rather than opportunistic, and that the Commonwealth doesn't seem to have much of a practice of hindsight reviews of decisions that are made. So these decisions are often made by individual delegates in the Commonwealth department, and anyone who's worked in the field can tell you that, you know, you sort of know who the delegates are and what sort of response you might get from particular delegates, so it's very much dependent on the individuals, which is a sort of a - you know, points to a cultural issue in the department, and I think many of those delegates aren't really given much in the way of ground rules for making judgements about what conditions should apply.

30

35

40

45 So without dwelling on the case study of Australian Sea Lions, it is a good



5 illustration of what we would view as a lack of risk-based decision making in the Commonwealth department, noting of course that one of the objects of the EPBC Act is also sustainable development, so it's not entirely about conservation and protection, but you know, ecologically sustainable development.

10 There should be a greater emphasis on risk-based decision-making, because if you don't have that mind-set then you're going to be putting a lot of onus or investment on one particular mitigation, which may be, you know, relatively low yield, but have a significant economic consequence.

15 So in the Australian Sea Lion situation for the Temperate Shark Fishery in WA, the cost to that fishery will be - the impact of that fishery will be about 30 per cent of its value being wiped off on the basis of documented interactions of seven over the last eight years, so - six of which were mortalities.

20 So the six mortalities over eight years, you know, there's a decision to remove 30 per cent of the value of the fishery. Now, that may be a valid decision, but there's no evidence that that economic consequence has been evaluated or weighted up against the sort of conservation gain, and it does seem almost disproportionate response to the nature of the problem, where there may be much more useful and targeted interventions with Sea Lion colonies that may achieve a better outcome.

25 So that's a good little case study in terms of the application of the act and illustrates that there's a lack of that check and balance.

30 **MS CILENTO:** I'm going to ask an unfair question now.

**MR FOSTER:** Sure.

35 **MS CILENTO:** And so you can just say, "I don't know," but are there - this is something - I think we're on the same page in some of the things we've talked about, and in our minds at least it's - you know, we've been talking about, you know, as low as reasonably practicable and those - very much that risk-based kind of approach to all this. Examples of where you think this is done well?

40 **MR FOSTER:** Look, I might declare a little bit of bias here, having formerly been employed by the Environmental Protection Authority here. One of the differences between the state and the Commonwealth is the state has an EPA that can make judgements in a context. You know the great difficulty here is obviously trying to legislate for sound judgement.

45

**MS CILENTO:** Yes.

5 **MR FOSTER:** And I guess the Commonwealth has to make decisions at the delegate level often, so officers making those decisions and those judgements, whereas in WA in environmental impact assessment we have and independent board of five non-public servants who make a judgement based on their own skills, knowledge and expertise, and looking at a range of proposals that come before them.

10 So Commonwealth doesn't really have an equivalent process, but you could address that with some guidance around the decision-making.

**MS CILENTO:** Yes.

15 **MR FOSTER:** I can't really name an example of where this, you know, operates effectively, but that's the nub of the issue from my perspective, that there's a risk-aversion in the Commonwealth public sector, and I guess an unwillingness to take the risk of making a judgement that might attract some sort of criticism or attract some reaction. Which is  
20 understandable, but - - -

**MS CILENTO:** Yes, yes. We're trying to get - one of the other things we're trying to get at too is making sure you've got the right incentives, both for behaviour, but also for reporting, so you actually get a real sense  
25 of - - -

**MS BRAYFORD:** Correct data.

30 **MS CILENTO:** - - - an accurate sense of what's really happening, and that you don't have the perverse incentives of a perceived zero-tolerance no interaction type model.

35 **MR FOSTER:** It's really a question of defining what is significant, and in the Western Australian context we have in our environmental protection procedures a significance test, which is defined. It's still fairly subjective, and it then rests on the judgement of the five individuals, but at the Commonwealth level I think there's great difficulty in getting the Commonwealth to identify what it considers to be significant. So it's constantly moving goalposts.  
40

But it's not impossible to document, you know, the parameters of a significance test that would then - could then underpin the decisions made by delegates.

45 **MS CILENTO:** Yes.

5 **MR FOSTER:** And I'm sure all the states and territories would be happy to contribute to that exercise. But it's a cultural issue, ultimately. It's not really about legislation or - but how it's applied, noting that object in the EPBC Act which does allow for sort of trade-offs, if you like, and the Minister for Environment can make decisions having regard to economic and social consequences as well, so it's not outside the parameters of the EPBC Act to consider broader consequences, and I think having those decisions made a bit more transparent, documenting the economic and social costs, would actually help contextualise the decisions, and perhaps protect the delegates in making the decisions they have to make.

15 But ultimately, you know, all roads lead back to how current contemporary your list is, whether you have recovery plans in place for the key species, and whether you're actively maintaining and updating the scientific knowledge that's gleaned on these species. And really, if you wanted to be more proactive, you'd be actually targeting the research at the particular problems, or the issues in the (indistinct) that are under question so that you're looking at what are the sort of drivers of the low population, which may be something other than fishing.

**MS CILENTO:** Yes.

25 **MR FOSTER:** And in fact, in Australian Sea Lions hookworm is a significant cause of mortality of Sea Lion pups. So that sort of leads to potential other solutions that may be more effective in recovering a population. It's exactly the same in the terrestrial environment, I might add. The same sort of syndrome occurs, so - - -

30 **MS CILENTO:** Yes, yes. Okay. Anything else?

35 **MS BRAYFORD:** I think you've already received some - or had some further discussion with our office around ITQ fisheries and ITEs, and I wasn't in those discussions, but just from my perspective we do have ITQ fisheries, but we don't think it's a fix for every single fishery.

40 What is important, though, is to have, again, secure access rights and tradability of those units so the market can actually do its thing. So while we don't necessarily support carte blanche ITQs, we do support making sure we have tradability and transferability and capacity for the market to actually do its thing.

So I think you've already had those discussions?

45 **MS CILENTO:** Yes, I think it's - we're looking a little bit more closely.

**MS BRAYFORD:** Probably don't need to.

5 **MS CILENTO:** I think we wanted to - I guess what we're trying to sort of get people to react to is that if input controls are inefficient and you move to output controls, you know, that seems to be the way to go, recognising the limitations and how do we go about that, so - - -

10 **MS BRAYFORD:** Yes. You also need to get industry to move - once you move to ITQs, to realise that some of the inefficient rules and practices can actually be removed, and in my experience that's very difficult.

15 **MS CILENTO:** Yes. So we're looking a bit further at that, and, you know, we've had some feedback on some other aspects of moving to ITQs, and - - -

20 **MS BRAYFORD:** I think you're across our non-cost recovery arrangements, so I don't need - - -

**MS CILENTO:** Yes, yes.

25 **MS BRAYFORD:** And that's not a - that's just a comment. You know, we use a slightly different approach, or maybe very different approach to other jurisdictions, which we think has some benefits.

30 I guess that's it. One thing I will just reflect one, I had written down before I walked in the room, and I know that Mr Prokop spoke about it and I'm sure others have as well, this whole social-economic balance is extraordinarily difficult.

**MS CILENTO:** Yes.

35 **MS BRAYFORD:** It can be quiet expensive, and necessary in some areas, but perhaps not necessary in other areas where some agreed principles and pragmatic approaches might actually have a much greater benefit. As a bit of a close. And again, my comment about our main game is in fact allocation - - -

40 **MS CILENTO:** Yes.

**MS BRAYFORD:** - - - not stock management. That - if that - I think you understand what I'm saying?

45 **MS CILENTO:** Yes, I understand.

5       **MR FOSTER:** I just might add one point if I may on the question of compensation for, you know, actions to protect matters of MES. So I'm sure this has been raised by other people attending the hearing, but the - one of the concerns the state has is that there is no mechanism to offset the cost to the commercial fishing industry of some of the measures to produce interactions with matters of MES.

10       That's a policy decision of the Commonwealth. In the state circumstance, if there's a marine park created or there's an impact on a fishery, there's processes to allow compensation to be considered, and that's part and parcel of our business. At the Commonwealth level, that doesn't apply in terms of MES interactions, but there's nothing precluding that occurring. It happens for many other industries when there's an adjustment or a  
15       significant implication of a Commonwealth policy decision. Sugar industry, car industry. And it doesn't seem beyond the pale to have some similar scheme where there's a significant impact on commercial fishing interests.

20       **MS BRAYFORD:** Particularly the cumulative impact of various decisions across different departments, you know? So the marine park impact versus - on top of some export accreditation impacts.

25       **MS CILENTO:** Okay, great.

**MS BRAYFORD:** That's - unless you have anything further? I'm happy to - - -

30       **MS CILENTO:** No, no, that's fine, that's great.

**MS BRAYFORD:** Cool.

**MS CILENTO:** Thank you for that.

35       **MS BRAYFORD:** Thank you.

**MS CILENTO:** Now the last piece of paper there tells me that - everyone here has spoken, I believe, but if there's anyone else who wanted to come forward and speak they can now? Otherwise that concludes  
40       today's proceedings, and I will close the proceedings as this is our last hearing. Thank you.

45       **ADJOURNED INDEFINITELY**

**[1.26 pm]**