

Dear commercial fishing stakeholder,

Commercial fishing reforms – opportunity for input

Last year, industry showed a strong level of support for the Pymont Pact proposals. A round of MAC meetings was held in November, during which your representatives discussed specific proposals to move the process forward. Since then, work on the commercial fisheries reform program has expanded greatly and this is likely to continue in 2010.

There are some good opportunities ahead for commercial fishers, including:

- Work is well progressed on the design of an **adjustment package** that will be implemented to help industry restructure. The intention is to roll out 'exit grant' payments using existing funds held in the Commercial Fishing Trust in the middle of this year, and then implement a new contribution to collect additional restructuring funds thereafter;
- I&I NSW and the Seafood Industry Advisory Council (SIAC) are actively looking at options for '**streamlining**' regulations and administration with the aim of making your fishing operations more efficient and your dealings with the department easier;
- Work is underway to allow fishing business owners and endorsement holders to be able to do **business 'online'**, including submitting catch and effort reports and doing quota transfers that will happen 'on the spot';
- A live **bulletin board** will be set up so that fishers can advertise the sale of fishing entitlements (acknowledging of course the great job that Shirley Massey is doing with the "blue book" advertising pages).

The reform program requires a series of decisions to be made over the next month. The decisions will help finalise the design of the first set of business 'online' features, and are important to deciding how to rebuild the computer system which houses the licensing and share register databases for all commercial fisheries and the charter boat fishery. The attached *Consultation Paper* gives you more information and invites your input on the more immediate decisions that need to be made – see mainly Parts 2 & 3.

There is also an important opportunity later this year (September - December) to progress some of the other reform proposals that have been mentioned as part of the Pymont Pact discussions. More information will be circulated about the other reform proposals in the middle of the year, and we will seek your views on them at that time. In the meantime, we have included some of the ideas that have been raised so far – see Part 4.

The *Consultation Paper* explains and seeks your feedback on a range of fairly complex issues. If you wish to obtain more information please don't hesitate to **ring 1300 303 763** to speak to a Fisheries Manager. Page 2 of the paper details how you can make comments. Please note that **we need all comments by COB 6 April 2010**.

I will also take this chance to update you on several other initiatives that are underway:

- **Cost recovery framework** – I&I NSW is working with SIAC on the development of a cost recovery framework for NSW commercial fisheries. This involves determining the costs attributable to industry and how those costs are shared amongst fishing business owners.
- **Recovery programs for overfished species** – the process of developing recovery programs for overfished species has commenced, with an initial focus on mulloway. Resource Planning Groups (including fishers from all harvest sectors and other experts) will be set up for each species, or group of species, to work through the issues and develop practical longer term solutions that will reduce the risks to those species. A separate letter regarding formation of the mulloway Resource Planning Group is enclosed. Once drafted, recovery programs will be put out for comment before being finalised so you can have input into any proposed rule changes that may affect your fishing.
- **Gazettal of new regulations** – in April, new regulations will commence which have some bearing on commercial fishing rules. Some come from the commencement of the 'Palmer' amendments to the Act, which focus on tackling black market issues through better compliance powers and increased penalties. Others are part of the ongoing migration of rules from the General Regulation into the share management plan regulations. An information paper will be sent to you closer to the time outlining the changes to the current rules in more detail.

My team and I look forward to reviewing your input on the attached *Consultation Paper*, as does SIAC who will receive the feedback in summary form.

We also look forward to working with industry to progress the commercial fisheries reform program throughout the remainder of 2010 and over the coming years.

Yours sincerely



Peter Turnell

Director, Fisheries Resource Management

12 March 2010

Consultation Paper:

Commercial Fishing Reforms – The ‘Pymont Pact’ & ‘FishOnline’ (March 2010)

Overview

The purpose of this paper is to inform you of proposed reforms to management of the commercial fishing industry and to seek your feedback.

The reforms are driven by:

- ▶ the ongoing commercial fisheries reform (Pymont Pact) discussions, and
- ▶ a project underway to rebuild and enhance the computer system that is used to administer the commercial and charter boat fisheries, including the licensing, share register and quota systems and to enable fishers to do business over the internet (the “Systems Reform Project”).

The commercial fisheries reform process was initiated by the Seafood Industry Advisory Council (SIAC) and Industry & Investment NSW (I&I NSW). It includes the following eight elements which have been supported by the majority of industry:

1. Create a suite of tools to provide for tradeable input and output controls
2. Provide for initial restructuring with minimum shareholdings and exit grants
3. Comprehensive review of industry regulatory requirements and streamlining I&I NSW administrative systems
4. Review cost recovery
5. Comprehensive review of fishing closures
6. Move focus towards risk-based resource management
7. Initiate an industry development program
8. Enhanced industry voice to government.

For more information on the commercial fisheries reform process, you can refer to the Department’s website at: www.dpi.nsw.gov.au/fisheries/commercial/reform

The above projects require certain decisions to be made over the next few years. The first group of reform decisions need to be made by around March/April this year, and will shape the design of the new computer system (see Parts 2 & 3). Further decisions will need to be made around mid-2010 and another consultation paper will be available for comment at that time (see Part 4).

The timing of consultation and implementation of reforms is heavily dependent on the Systems Reform Project, which is a three year project involving:

- | | |
|--------------------|---|
| Year 1 (2009-2010) | Development of an integrated voice response (IVR) system and some online functions, including quota transfers and quota balance enquiries, fishing business and nominated fisher enquiries and online reporting of catch & effort, threatened & protected species interactions, lost & found gear and lost or destroyed tags.
[Note the webpage enabling fishers to conduct business online will be called “FishOnline”] |
| Year 2 (2010-2011) | Replacing the existing commercial and charter boat licensing computer system with a contemporary system which includes further online functions for fishers such as |

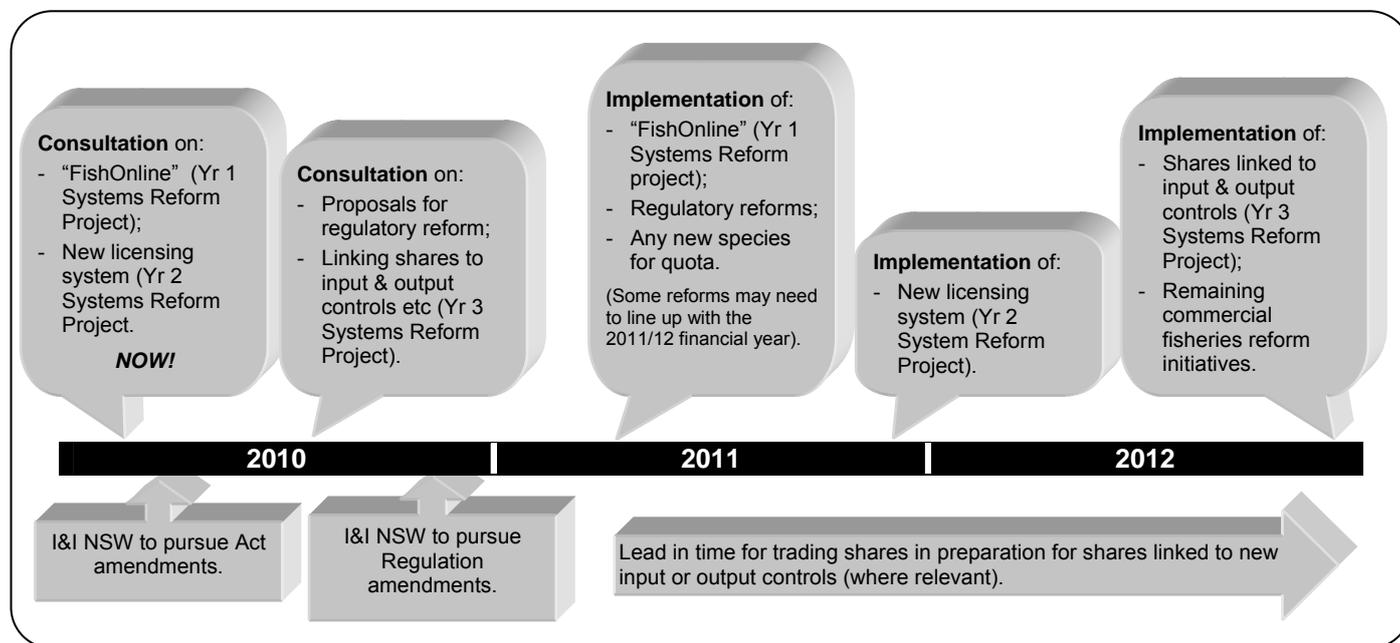
boat licence transfers, transfers of shares and restricted fisheries endorsements and doing nominations.

Year 3 (2011-2012)

Enhancing FishOnline to help administer any new commercial fisheries initiatives (such as linking shares to input/output controls) and charter boat reform initiatives.

Further information on the development of "FishOnline" will be available on Department's website soon.

Diagram 1. Timeframe for industry consultation, opportunity for legislative reform and implementation of reforms.



This paper is presented in four parts:

Part 1 – Reform principles & fishing closure review

Part 2 – Commencement of FishOnline (Systems Reform Project - Year 1)

Part 3 – Rebuilding the licensing system/share register (Systems Reform Project - Year 2)

Part 4 – Other regulatory reform ideas & system enhancement (Systems Reform Project - Year 3).

Providing comments

While comments on any aspects of this paper are welcome, we are seeking feedback on certain elements of the reform proposals. You will see the following symbol next to specific issues on which we would especially value your views:



When providing comments please refer to the 'issue number' in this paper that your comment relates to. If commenting on other matters that do not fall under one of these headings, please make reference to the title of the relevant section. This will assist I&I NSW and SIAC when considering your comments.

Submissions on the reform proposals should be made in writing and sent to I&I NSW in one of the following ways by **no later than COB 6 April 2010**:

By mail: **Commercial Fishing Industry Reforms**

PO Box 21
CRONULLA NSW 2230

By fax: (02) 9527 8409

By email: fishing.reforms@industry.nsw.gov.au

Further information

For further information on the reform proposals presented in this paper, please phone the Fisheries Resource Management Unit on **1300 303 763**.

PART 1
Reform principles and fishing closure review
(FOR INFORMATION & FEEDBACK)

Reform principles

A large number of reforms presented in the paper involve removing unnecessary barriers to trade, indirect controls on fishing activity and outdated licensing arrangements that have in the past been relied upon to, at least in part, contain fishing effort.

We need to be aware, however, that removal of some controls may present a real risk of increasing fishing pressure. Such risks should not by themselves be a reason for not going ahead with streamlining options, but may require us to make sure that catch or effort is contained through alternative ways. Consistent with the Pymont Pact discussions to date, I&I NSW will continue to let industry decide if restructuring or other controls are needed for viability reasons, but will take whatever action is needed to ensure that resource sustainability and the existing environmental approvals are not compromised.

To assist industry and I&I NSW through this process, I&I NSW has developed the following principles for your consideration and feedback.

Issue 1 Draft principles for reform:



Feedback invited

We want to:

- ▶ make it easier and more efficient for fishers to run their fishing businesses;
- ▶ ensure costs are minimised under a full cost recovery scenario;
- ▶ make going online possible and cost-effective; and
- ▶ better enable I&I NSW to focus on the key issues for industry and government;

by...

- ▶ questioning each of the current controls, removing any unnecessary ones and streamlining the others;
- ▶ ensuring historic arrangements do not stifle reform and the opportunity to achieve longer term savings and efficiencies for industry and I&I NSW;
- ▶ ensuring that catch/fishing effort is managed in the most appropriate way – i.e. direct and cost-effective effort controls instead of through complicated licensing and/or regulatory arrangements; and
- ▶ avoiding too many different management frameworks.

Fishing closure review

Principal 5 of the commercial fishery reform package (see page 1) relates to a comprehensive review of fishing closures.

Issue 2



Feedback invited

Only a few fishing closures for review have been suggested so far. Given that it is likely that there are other closures that fishers consider warrant review and the resource intensive nature of the review process, it is critical that industry provides a comprehensive list of closures for review ASAP so that a one-off review process can be initiated. Fishing closures for review must be referred to I&I NSW prior to the closing date for submissions on this paper.

Issue 3



Feedback invited

To assist I&I NSW determine if the changes to fishing closures or area restrictions suggested by industry should be pursued I&I NSW has developed the following draft principle and invites you to provide comment.

Principle: Changes to fishing closures/area restrictions should not result in *unacceptable*:

- ▶ adverse impacts on important fish habitat;
- ▶ increased interactions with threatened, protected or endangered species;
- ▶ direct or indirect unsustainable impacts on fish stocks;
- ▶ high levels of conflict between commercial fishers and other stakeholder groups.

PART 2
Systems Reform Project (Year 1) – Commencement of FishOnline
(FOR INFORMATION & FEEDBACK)

Industry consultation: NOW

System expected to be finalised: November 2010

System available to industry: Early 2011 or the start of the 2011/12 quota season for quota related functions.

The major reform to be delivered through the first year of the Systems Reform Project is the deployment of the online self-service system called "FishOnline". The following functions (as outlined below in more detail) will be available on release of FishOnline:

- Online bulletin board
- Online lodgement of catch & effort and other reports
- Online catch & effort enquiries
- Online enquiries relating to fishing businesses
- Online enquiries relating to endorsement holders
- Online quota transfers and quota balance enquiries
- Online tag transactions and enquiries
- Interactive Voice Response (IVR) system
- Online secure messaging system.

Fishing business owners will be able to perform all the above functions relevant to the fishing business they currently own. Likewise, endorsement holders will be given access to perform functions relevant to them (e.g. catch and effort reporting). Access to FishOnline will only be provided to natural persons – not company or partnership accounts. In the case of companies or partnerships, fishing business owners will be required to authorise a person or persons to act as their 'agent' and conduct online business on their behalf.

Given that not all fishing business owners and endorsement holders use computers or currently rely on others to complete paperwork on their behalf, fishing business owners and endorsement holders will be able to appoint 'agents' to perform online functions on their behalf. The functions that an agent may perform will be at the discretion of the fishing business owner or endorsement holder and may include things like submitting catch records, transferring quota, registering lost or destroyed lobster tags and doing various enquiries. Fishing business owners and endorsement holders will be able to create agents, change agents and adjust the level of access of their agents online or by submitting a request to I&I NSW.

Online bulletin board (FOR INFORMATION & FEEDBACK)

An online bulletin board is being created that will allow FishOnline users to advertise commercial fishing authorities, individually or as part of a whole business, 'for sale' or 'wanted' online. At this stage it is proposed that shares, restricted fishery endorsements, quota and boat licences can be advertised, noting that this will help trading under current and any new restructure programs.

Issue 4 At this stage it is not proposed to include the advertising of physical boats or commercial fishing gear on the bulletin board, but I&I NSW will consider including it if industry thinks it is important. The advertising of boats and gear would, however, require 'free text' fields to be built into the system so that owners can insert a description of the items for sale or wanted. Allowing for free text would require regular audits of advertisements or some type of prior screening process by I&I NSW to ensure that inappropriate material is not posted on the bulletin board.



Feedback invited

Issue 5 At a recent FishOnline focus group meeting industry representatives suggested that the bulletin board should also be made available to the general public via the I&I NSW website so that potential new entrants to the industry may view it without having to become a registered FishOnline user. I&I NSW is considering this functionality and seeks your feedback on the suggestion.



Feedback invited

Online lodgement of catch & effort and other reports (FOR INFORMATION & FEEDBACK)

The option to submit catch and effort records online, including nil returns, will be available in all fisheries. The current paper based system will continue to be available for those who do not have a computer or internet access or do not want to submit their catch & effort records online. Online submission of catch & effort records is expected

to deliver significant savings for industry and I&I NSW. In particular the costs associated with printing and distributing log books and data entry will be significantly reduced. Online catch & effort reports will be customised to reflect the fishing business for which the report is being submitted, making catch & effort reporting much quicker and easier to complete and to improve the quality of catch & effort information.

Two new functions are proposed to be built into the online catch and effort reporting system to assist fishers:

- ▶ By clicking on a link next to a species in the species list provided, the user will be taken to a webpage with pictures and information on the species of interest. This link will help fishers correctly report species in accordance with the Australian Fish Names Standard; and
- ▶ By clicking on a fishing location on a map provided, the location reference will automatically be inserted into the appropriate section on the electronic catch and effort reporting form.

Please also refer to the section below titled “Interactive Voice Response (IVR) System” which includes further information on changes proposed to catch & effort reporting in the Abalone, Lobster and SUTS fisheries.

Issue 6 Given that online catch & effort reporting will be made available to fishers, it is proposed to require the submission of catch & effort records in all non-quota fisheries, whether online or via the paper based system, within 14 days of the end of the month instead of the current 28 days. This will reduce the lag time in producing up-to-date catch and effort information, as opposed to always being at least one month behind.



Note that FishOnline will also include functions that allow the online reporting of lost or found commercial fishing gear and threatened and protected species interactions. Like catch & effort reports, a paper based system will continue to be available for these mandatory reporting requirements.

Online catch & effort enquiries (FOR INFORMATION)

Fishing business owners will also be able to view catch & effort reports for all businesses that they own, but only for the period that they have owned the business. Endorsement holders will also be able to view catch & effort reports that they have submitted as the endorsement holder for a business, regardless of whether they are still the endorsement holder for the business or not.

Enquiries relating to fishing businesses (FOR INFORMATION)

FishOnline will include a function that allows fishing business owners to look up the components of their fishing business. Such components are currently set out in a document issued to business owners called a ‘Fishing Business Determination Certificate’ and include the shares and endorsements issued in respect of the business. Users will be able to access both past and current Fishing Business Determination Certificates and in doing so will be able to track the history of fishing authorities associated with their business. Users will also be able to view the full details of any endorsement conditions applicable to their fishing business and will be able to print Fishing Business Determination Certificates direct from the online system at any time.

Enquires relating to endorsement holders (nominated fishers) (FOR INFORMATION)

FishOnline will include a function that allows fishing business owners to look up the endorsement holder for their fishing business. Fishing business owners will also be able to look up past endorsement holders for all businesses that they own, but only for the period that they owned the business. Some fishers also need to know from time to time which businesses they are nominated against and will soon be able look up all businesses for which they currently or have previously held endorsements. Extra features will be built into FishOnline at a later stage so that nominations can be made and revoked online or through the proposed IVR system (see below).

Online quota transfers and quota balance enquiries (FOR INFORMATION & FEEDBACK)

The option to transfer quota online will be available in all quota managed fisheries. The current paper based system will continue to be available. Online quota transfers are expected to deliver significant savings for industry and I&I NSW. Quota transfers done online will be free of charge whereas paper based quota transfers will be subject to a transaction charge. A major benefit of the online quota trading system will be the immediate transfer of quota, as opposed to time delays associated with the paper based approach.

For the purpose of moving to online quota trading, I&I NSW proposes to remove the requirements under current legislation for quota transfers to be approved by the Department if the transfer is done online. This will mean that any such transfer will be a transaction between the transferor and transferee without intervention by I&I NSW.

I&I NSW is also investigating making these online transactions a ‘one-party transaction’, which involves shareholders transferring quota online without the recipient having to accept or acknowledge the transfer – similar to internet banking. This is distinct from a two-party transaction where the transferee must accept a transfer before

it can be completed. The advantage of one-party transfers is that they take effect immediately, making the management of online quota transfers much easier for users and I&I NSW.

Important to note is that effective implementation of online quota transfers relies on the adoption of the Interactive Voice Response (IVR) system for 'real-time' quota usage and quota balances (refer below).

Issue 7 Under current arrangements shareholders in the abalone or lobster fisheries may not transfer in more than twice the shareholder's initial quota for the fishing period. I&I NSW is proposing to remove this restriction to simplify the current quota transfer arrangements, reduce the setup and ongoing computer system costs and to make online quota transfers easier for users by reducing the number of warnings and/or blockages built into the system.



FishOnline will also include a function that allows fishing business owners to look up the quota balance for their fishing business for the current fishing period. Given that it is important that quota is not exceeded, endorsement holders will also be able to look up quota balances for businesses that they are endorsed for. Quota balance statements may also be printed. Also, fishing business owners will be able to view and print quota transaction history reports for a current or past fishing period.

Online tag transactions and enquiries (FOR INFORMATION)

FishOnline will include a function that allows fishing business owners and nominated fishers to register lost or destroyed lobster tags, noting that the reporting of lost or destroyed tags is currently a mandatory requirement. Upon registering a lost or destroyed tag a receipt will be issued. Fishing business owners and endorsement holders will also have access to a tag transaction enquiry function which will allow online enquiries for past or current fishing periods on tags issued, used, registered as lost or destroyed, and surrendered to I&I NSW.

Interactive Voice Response (IVR) System (FOR INFORMATION & FEEDBACK)

I&I NSW is setting up an IVR system that will provide: (i) real-time tracking of quota usage, therefore enabling the online trading of quota, (ii) a cost effective way of monitoring time at sea (e.g. if a 'days' regime is introduced in the OT fishery), and (iii) a cost effective compliance tool - for targeted compliance of designated 'high risk activities'. IVR systems are used widely, including in other fisheries jurisdictions, and generally involve completing transactions by telephone in a self-service way – just like phone banking.

Issue 8 It is proposed to set up the IVR system for immediate application in the lobster, abalone and SUTS fisheries and any other fisheries that move to quota type management arrangements in the future. It is also proposed to consult industry later this year on applying the IVR system to other activities that pose high compliance risks (e.g. eel fishing in remote locations) or for which the IVR system will deliver cost benefits.



For the quota management fisheries the IVR system will be set up so that fishers can report: (i) their intention to go fishing (a pre-fishing report), (ii) their intention to land at port following a fishing event (a pre-landing report), and (iii) that they have landed at port (a post-landing report). Each of these reporting functions, as designed so far, is described in detail below for your information and feedback:

(i) Pre-fishing report

The pre-fishing reporting function will inform the user of their current quota balance and result in an SMS being sent to I&I NSW to advise when and where a fisher intends to operate. FishOnline will also be set up so that fishers can make pre-fishing reports over the internet rather than by phone.

Issue 9 To make a pre-fishing report a fisher will need to phone a designated IVR number and identify:



- ▶ the day that they intend to go fishing (either that day or the following day);
- ▶ the LFB number for the boat to be used; and
- ▶ the location where the fisher proposes to commence fishing. For example: in the case of the abalone and SUTS fisheries the location where the fisher proposes to commence diving, and in the case of the lobster fishery the location where the fisher picks up or drops of the first trap. It is proposed the location will need to be recorded as a latitude and longitude in degrees and minutes, to the nearest minute.

If for some reason the fisher does not go fishing or the time or location of fishing changes, the pre-fishing report can be withdrawn by dialling into the IVR system.

Issue 10 It is proposed that all latitude and longitude reporting must be in GDA94 datum (the nationally preferred datum), noting that there is little difference between GDA94 datum and WGS84 datum which is the default datum for most marine navigation equipment.



(ii) Pre-landing report

The pre-landing reporting function will automatically send an SMS to I&I NSW to advise when and where a fisher will be landing.

Issue 11 To make a pre-landing report a fisher will need to phone the designated IVR number at least one hour prior to returning to port (to enable I&I NSW officers to meet fishers when they land) and identify:



- ▶ the point of landing;
- ▶ the estimated time of landing and unloading; and
- ▶ estimated weight of product to be landed.

If for some reason the fisher needs to update the pre-landing report the fisher may dial into the IVR system again and follow the prompts. A function will also be available so that fishers can replay an existing pre-landing report to check that the report is accurate.

Issue 12 It is proposed that 'recognised points of landing' will be given a designated code that fishers can enter and that additional points of landing may be added to the list over time. If a landing point is not on the list of 'recognised points of landing' the fisher could enter the latitude and longitude of the proposed landing point.



Issue 13 I&I NSW notes various views in respect of estimating the quantity of product to be landed. Some fishers suggest it is easy to estimate the weight of product onboard, regardless of the species, whereas others suggest that this is difficult and that, for example, numbers of lobsters or bins of abalone is more appropriate. Subject to your feedback, I&I NSW proposes to pursue consistent arrangements across fisheries by requiring an estimated weight (kg) of product and to establish appropriate policy for compliance action in response to misreporting.



(iii) Post-landing report

The post-landing reporting function will result in quota balances being updated straight away (enabling online quota trading) and catch data will no longer need to be sent in paper based form to I&I NSW, noting that abalone fishes will still need to complete an Abalone Disposal Record in accordance with the National Docketing System. Post-landing reporting will also present significant benefits to compliance officers in monitoring quota evasion.

Issue 14 To make a post-landing report a fisher will need to phone the designated IVR number and identify (for the quota species only):



- ▶ the total validated weight (kg) of the catch; and
- ▶ for product to be sold or otherwise disposed of (e.g. personal consumption), a disposal code;
- ▶ for product to be stored onshore, the location of the storage;
- ▶ for product to be penned (i.e. lobster) or hung (i.e. abalone) in the water, the penning or hanging code, location, the quantity (kg) and in the case of lobsters the tag range.

At the end of the post-landing report, fishers will be advised of their new updated quota balance.

Issue 15 Currently, different post-landing requirements apply across the lobster, abalone and SUTS fisheries. To ensure that quota usage is immediately reported and deducted from a fisher's quota and to promote consistency across the various quota management fisheries, it is proposed to apply a consistent requirement for all post-landing reports to be made within 30 minutes of landing the product and prior to moving the product more than 50 m from the point of landing.



Issue 16 Given that fishers taking quota species will be using the IVR to report validated weights and will no longer be required to submit paper based catch records to I&I NSW in stringent timeframes, it is proposed to allow fishers in all three existing quota fisheries (abalone, lobster and SUTS) to submit effort data online or via the paper based approach within 14 days of the end of the month, consistent with what is proposed in respect of all other commercial fisheries.



Issue 17 Given that the proposed reporting requirements will rely on the use of mobile phones and the fact that mobile reception is poor in some locations, I&I NSW will work with industry to identify specific sites where alternative arrangements are needed – such as identifying the closest area to the landing site that has sufficient mobile coverage.



Issue 18 In the event that both the IVR and online systems become unavailable for some reason, I&I NSW is considering a back-up process that involves fishers being automatically redirected to a 24 hour duty officer or potentially a message recording system.



Online secure messaging system (FOR INFORMATION)

FishOnline will include a function that allows I&I NSW to communicate with fishers via a secure online messaging system. This will provide scope for timely and cost effective communications with fishers and fishing business owners (e.g. when implementing short term temporary fishing closures such those often implemented in the estuary prawn trawl (EPT) and ocean trawl (OT) fisheries to protect small prawns and other bycatch).

PART 3

Systems Reform Project (Year 2) – Rebuilding the licensing system/share register

(FOR INFORMATION & FEEDBACK)

Industry consultation: NOW

System expected to be finalised: November 2011

System available to industry: Early 2012.

During the second year of the Systems Reform Project the current licensing system (which is based on ageing technology) will be migrated into a new computer system. This provides an ideal opportunity to review and refine the current licensing arrangements so that a cost effective system that serves industry and Government well into the future can be built. In line with this vision, it is important that I&I NSW and industry look ahead and are open to replacing outdated and unnecessary controls with new streamlined cost effective arrangements – this is important so that long-term savings can be achieved. Following is information on the processes currently managed through the current licensing system and proposals for reform.

Fisher licences (FOR INFORMATION)

Fisher licences are an important component of the current licensing arrangements and will be retained subject to the following adjustments to streamline I&I NSW's administration and minimise costs to industry:

- ▶ issuing licences on a longer term basis (such as five years) to reduce the burden and cost of renewing licences annually; and,
- ▶ introduce simple transaction charges for the issue and replacement of fisher licences that reflects the real cost of issuing a licence.

Nominations (FOR INFORMATION & FEEDBACK)

Nominating a person to operate a fishing business on behalf of the business owner was extended to estuarine fisheries upon implementation of share management fisheries and the process streamlined to significantly reduce the turn-around time for nominations. However, I&I NSW considers that further efficiencies can be achieved by making use of the new technology that will soon be available. A number of changes to the current arrangements are proposed as follows:

- ▶ removing the requirement for fishing business owners to register licensed fishers against their fishing business as 'eligible fishers'. Instead, it is proposed that a fishing business owner will simply be able to nominate anyone who holds a commercial fishing licence to operate their business on their behalf as a one step process; and,
- ▶ providing for nominations to be made online or via the new IVR system at any time of the day or night. This means that fishing business owners will no longer need to fax an application form to I&I NSW.

Issue 19 It is proposed to remove the restriction on making a nomination within 48 hours of a previous nomination.



Issue 20 It is proposed that in the abalone and lobster fisheries the restriction on licence holders being nominated in respect of two or more abalone or lobster businesses be removed to streamline the nomination process. The new IVR system, if implemented as presented above, will ensure that I&I NSW knows which fishing business a lobster or abalone endorsement holder is working before the endorsement holder goes fishing and that this will address past concerns with respect to linking quota usage and administrative sanctions (demerit points & share forfeiture) to the fishing business being used.



Fishing business (share & endorsement) transfer rules (FOR INFORMATION & FEEDBACK)

Upon introduction of share management fisheries a suite of new transfer rules were introduced that gave more flexibility to fishing business owners without resulting in an increase in the number of endorsements of any kind, the number of fishing businesses in a given fishery and the number of fishing businesses in the industry. These rules have worked successfully to date, but need to be streamlined if online trading at little or no cost to fishers is to be achieved.

I&I NSW has investigated the potential for 'one-party online share transfers' similar to that proposed in respect of quota transfers, however because shareholders incur liabilities (e.g. community contributions and management charges etc) share transfers will need to be implemented as two-party online transactions. In other words, the transferee must accept the transfer before the transfer can be deemed complete.

Note that section 34 of the *Duties Act 1997* currently states that on and from 1 July 2012 stamp duty will no longer be payable upon transfer of shares. This is good news for shareholders and will make online share transfers easier.

The current paper based share/endorsement transfer system will continue to be available.

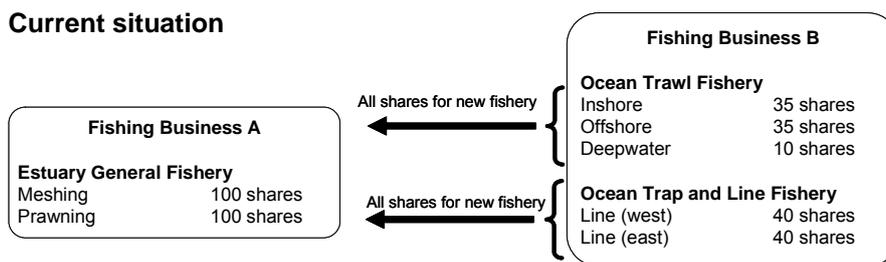
Issue 21 Under current legislation a foreign person or foreign owned body is prohibited from holding shares in a share management fishery. It is proposed to remove this barrier to trade to streamline the share transfer rules and make going online easier, noting that the cost of monitoring and auditing foreign ownership is likely to outweigh the benefits.



Issue 22 Under current legislation each fishery has a maximum shareholding which aims to limit any one individual monopolising a fishery. In the lobster fishery and abalone fisheries the maximum shareholding is 350 and 210 shares respectively. In all other fisheries the maximum shareholding is 40% of the total shares in the relevant fishery. I&I NSW considers the risk to a fishery, or a significant part thereof, becoming owned by an individual is low and in any event could be beneficial from a management and business efficiency perspective. It is proposed to remove the maximum shareholdings from all fisheries in which they apply.



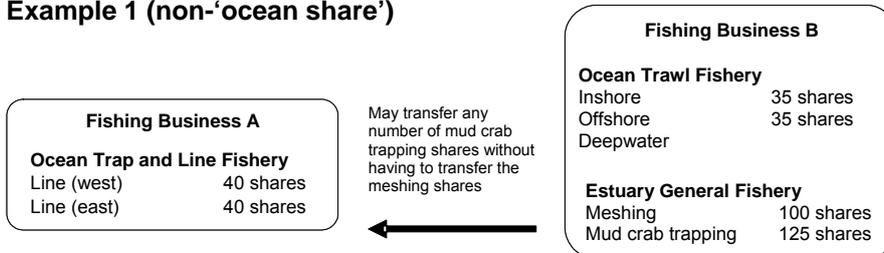
Issue 23 Under current legislation an owner of a fishing business that does not already hold shares in a fishery is required to transfer from another owner all shares for the fishery to acquire access to that fishery, as set out in the following diagram. In the case of a southern fish trawl endorsement the same principle applies.



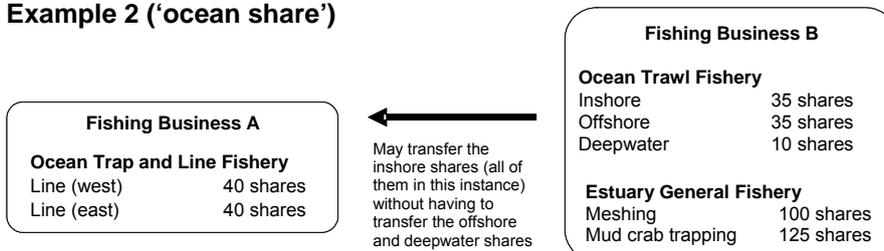
This rule has been successful at preventing an increase in the number of businesses endorsed to operate in each fishery. However, to help simplify the fishing business transfer rules for the purpose of going online (and to provide increased flexibility for business owners) I&I NSW proposes to remove this restriction. By removing this restriction a person who does not hold shares in a fishery would be permitted to transfer shares of a particular class from another business without being required to transfer all other shares in the same fishery from that business.

Following are two examples, noting that the second example involves the transfer of a class of share that is recognised under the *Fisheries Management (General) Regulation 2002* as an 'ocean share' (i.e. all classes of shares in the ocean trawl and ocean hauling fisheries). 'Ocean shares' would still need to be transferred as a complete class unless the transferee already holds one or more shares of that class.

Example 1 (non-‘ocean share’)



Example 2 (‘ocean share’)



I&I NSW acknowledges that the proposed change would allow for an increase in the numbers of fishers in a given fishery, but believes the focus should be on managing the numbers of ‘endorsements’ within each fishery as the primary effort control and/or using alternative catch/effort controls.

Managing external authorities (licence splitting) (FOR INFORMATION & FEEDBACK)

The NSW policy on licence splitting prevents business owners with fishing authorities in other jurisdictions transferring those authorities (known as ‘external authorities’) in isolation of their NSW fishing authorities. The objective of this policy has been to prevent uncontrolled increases in fishing effort in NSW waters. The policy has a long history and has over the years proven to be resource intensive to administer, particularly the tracking of external fishing authorities. Further, it is envisaged that it will not be possible to automate online transfers for businesses that have external authorities – regardless of whether the transfer applies to the whole business or a component thereof.

There are currently 94 fishing businesses with ‘external authorities’, noting that some may not be subject to transfer restrictions (either in full or in part) because they do not pose a risk to NSW. Following is a breakdown of the number of business in each of the State’s commercial fisheries with external authorities, noting that some may be subject to proposed cancellation action because of licence splitting (data extracted 11/03/10):

Ocean trap & line	48 businesses have external authorities;
Ocean trawl	42 businesses have external authorities;
Southern fish trawl	8 businesses have external authorities;
Estuary general	15 businesses have external authorities;
Ocean hauling	10 businesses have external authorities;
Estuary prawn trawl	2 businesses have external authorities.

Following are figures relating to restructuring that has occurred since the implementation of share management fisheries approximately three years ago (data extracted 24/11/09). These figures indicate that restructuring is happening, whether through the use of minimum shareholdings, application of the licence splitting policy or marine park buyouts, etc. The potential risks to stocks as a result of future cases of licence splitting appear to have already been addressed.

Ocean trap & line	86 businesses have been removed from the fishery;
Ocean trawl	46 businesses have been removed from the fishery;
Southern fish trawl	17 businesses have been removed from the fishery;
Estuary general	50 businesses have been removed from the fishery;
Ocean hauling	28 businesses have been removed from the fishery;
Estuary prawn trawl	15 businesses have been removed from the fishery.

Issue 24 I&I NSW acknowledges the possibility of increased fishing effort in NSW if the NSW policy on licence splitting is removed, however, suggests that this needs to be balanced against the benefits that could be gained (e.g. streamlined transfer arrangements and ability to go online) and the fact that fishing pressure on high risk stocks can be managed via alternative means. Your feedback on removing the NSW policy on licence splitting upon implementation of FishOnline is sought.



Boat licences (FOR INFORMATION & FEEDBACK)

Boat licences have historically been a fundamental component of our licensing arrangements and used as a key effort control. As a result, and during the 1990's in particular, many rules were introduced that resulted in complex boat licence arrangements. For example, some fishers were restricted to using their own boats whereas others were not, strict boat licence transfer rules applied (boats licences were linked to businesses), different boat replacement rules applied in different fisheries, and in some cases replacement boats had to satisfy up to three different sets of rules before a new licence would be issued. All this led to ongoing representations to I&I NSW and regular requests for variations to policy.

Upon implementation of share management fisheries in February 2007, many of the boat licensing arrangements were stripped away. Under current arrangements an endorsement holder can use any licensed fishing boat that satisfies the boat capacity restrictions set out in the relevant share management plan and boat licences may be transferred in their own right (i.e. separate to shares or businesses) to any person. These two fundamental changes alone have provided business owners significantly greater flexibility, reduced investment cost and significantly reduced administration. However, more can be done to further streamline the boat licence arrangements so that industry and I&I NSW can focus on other areas of reform such as promoting a profitable and sustainable industry.

Two areas where further reductions in administration could be achieved are the renewal of boat licences and processing of boat replacements. Reforming the latter is particularly important if boat replacements are to be done online. Both of these potential reforms are discussed in greater detail below.

With respect to FishOnline, it is proposed to provide for the following transactions to be completed online:

- ▶ transferring a boat licence; and,
- ▶ changing boat licence particulars online (i.e. replacement of a boat), but only if simple boat replacement rules apply.

Your feedback is sought on the following fundamental boat licensing issues that need to be decided now – a number of other issues as detailed in Part 4 of this paper will need to be decided later this year. The following two issues do not count each other out, so your views on both are appreciated.

Issue 25 In most fisheries boat capacity has little or no relationship to catch and is, in effect, a relatively inefficient management control when compared to others such as actively managing the number of endorsements in a fishery or directly limiting catch. For other fishing activities such as trawling, purse seining and deepwater line fishing boat capacity is more important although still a relatively poor proxy for catch because of the large number of variables that separate productive and unproductive businesses.



I&I NSW has investigated a number of strategies to reduce long term costs and seeks your view on two fundamental changes. The first involves removing the requirement to licence boats 10 metres or less in length. Under such an arrangement:

- ▶ commercial fishing boat licences would no longer be needed to take fish for sale from boats 10 metres or less in length;
- ▶ endorsement holders requiring a boat 10 metres or less in length for commercial fishing would simply need to make sure the boat that they propose to use is registered as per NSW Maritime requirements; and
- ▶ the letters "LFB" would need to appear in front of the NSW Maritime identification number (or potentially somewhere else on the boat) so that it may be identified by I&I NSW compliance officers and the public as a commercial fishing boat.

At present there are approximately 1,600 boat licences in the industry that are 10 metres or less in length (approximately 85%) that would no longer need to be licensed. This would result in reduced administration and would make replacing boats significantly easier and cheaper.

Issue 26 If boat licences are to be retained (some or all) it is proposed to issue them for a longer period (e.g. five or ten years) to reduce the administrative burden and cost of renewing licences annually.



It is worth noting at this point a proposal from NSW Maritime that aims to reduce administration for commercial fishers, in particular dealing with two agencies each time a commercial fishing boat is replaced. If the proposal proceeds, I&I NSW will consider replacing the current LFB numbers within our system (for boat licences that are retained) with the commercial vessel identification numbers allocated by NSW Maritime. NSW Maritime's proposal is outlined in the box below:

Changes to vessel identification numbers for commercial fishing vessels



For some time commercial fishing vessels have used their current Licensed Fishing Boat (LFB) number issued by Industry & Investment NSW as the identification number for their vessel, this number is also recorded as the identification number on the Certificate of Survey for the vessel.

All other vessels have an identification number issued by NSW Maritime.

The current practice of using the LFB number often leads to unnecessary delays for vessel owners in registering their vessel and obtaining a survey certificate. The vessel owner is currently required to provide a copy of a valid LFB for the vessel in order to be issued a survey certificate. This requirement sometimes causes delay, unnecessarily. Furthermore, there are further delays if the LFB is issued in a different name or is used under a lease arrangement.

To streamline the registration and survey process and improve customer service NSW Maritime proposes to use NSW Maritime issued identification numbers for commercial fishing vessels as of July / August 2010. There will be no requirement to produce a valid LFB for the issue of a survey certificate.

It is proposed that the new identification numbers will progressively be issued to all NSW commercial fishing vessels within a 12 month period starting July / August 2010. For an existing commercial fishing vessel the new identification number will be issued at the time of renewal of its annual survey / registration certificate. These new identification numbers will then need to be displayed on the vessel. All affected customers will be advised of these changes at the time of their vessel's annual survey / registration renewal.

Online share register (FOR INFORMATION AND FEEDBACK)

Under current arrangements the Director-General is required to maintain a register of all shareholders and the shares issued to each. The Director-General is also required to record in the share register all shares transactions (transfers, surrenders, cancellations etc) and to provide extracts from the share register upon application and payment of the appropriate fee. I&I NSW proposes to develop FishOnline and amend the Act in such a way that FishOnline fulfils the requirements of the existing share register. This will ensure that only one system needs to be maintained and will assist in minimising long term costs.

Issue 27 In addition to receiving requests for extracts from the Share Register from time to time, I&I NSW receives requests for details of commercial fishing businesses and commercial fishers' direct contact details. In some cases these requests come from people involved in the post harvest sector seeking supply of particular seafood products or direct supply of fresh high quality seafood for high class restaurants etc. In other cases requests are received from members or representatives of industry who are keen to have a go at developing new restructure/effort control programs, or banks seeking advice on third party interests in fishing businesses.



Extracts from the share register are currently available to any person who applies and pays the prescribed fee.

I&I NSW invites your views on making the share register available to the public online via the I&I NSW website. If the share register is made available to the public consideration will need to be given to the issues that could arise if fishers' personal contact details were posted online. In that regard I&I NSW seeks your views on including the following particulars in the publically available online share register:

- ▶ the number for each fishing business (the FB number);
- ▶ the name of the person who owns the fishing business;

- ▶ if the owners is registered as a business, the business contact details (posting personal contact details on the public register would be up to the business owner);
- ▶ the classes of shares held;
- ▶ the number of shares of each class;
- ▶ the endorsements held (including Restricted Fisheries endorsements);
- ▶ the name of the person who holds the endorsements for the business (i.e. the licensed commercial fisher endorsed to take fish for sale), and
- ▶ any mortgage or registered interest in a fishing business.

PART 4
Regulation reform ideas & system enhancement (Systems Reform Project - Year 3)
 (FOR INFORMATION)

This Part is provided to allow fishers to start thinking about potential reforms that will move us towards more cost effective management of the commercial fishing industry into the future. I&I NSW welcomes suggestions for any new initiatives not already canvassed below for further consideration by the MACs and SIAC, noting that any new proposals should seek to satisfy the reform principles listed in PART 1 of this paper.

This Part is presented in three sections:

Part 4A – Regulatory reform opportunity

Part 4B – New species for quota management

Part 4C – New structural adjustment programs

PART 4A **Regulation reform opportunity** (FOR INFORMATION)

Industry consultation: Mid 2010

Opportunity for regulations to be made: Late 2010.

There are many potential changes to current management arrangements that will not need changes to the computer system. This means that those changes can happen outside of the rigid timeframes set for the Systems Reform Project.

Following is a preliminary list of potential regulatory and administrative reforms drawing from a range of suggestions put forward by fishers, advisory bodies and staff over the last few years – it is not a list of decisions and all issues remain subject to consultation.

Numbers of endorsements:

- ▶ In regions with few or no EG hand gathering endorsements, consider reducing the minimum shareholding to maintain and/or increase the number of endorsed fishers and the supply of fresh product.

Removing inequity and potentially stimulating restructuring:

- ▶ Remove the provision that allows unlicensed persons to assist in prawn seining operations.

Catch restrictions:

- ▶ Review and potentially relax the restrictions on species taken in flathead nets.
- ▶ Remove restriction on taking deepwater species north of Evans Head.
- ▶ Replace restriction on taking fish subject to size limits in ocean prawn trawl nets with effective bycatch reduction devices (BRDs).
- ▶ Review species on the estuary prawn trawl (EPT) target & byproduct lists, the estuary general (EG) species list and the ocean hauling (OH) target and conditional target species lists;

- ▶ Remove size limit on commercially important flounder/soles that do not reach the 25cm size limit – potentially during the next bag and size limit review;
- ▶ Remove trip limits in OT&L and OT other than for overfished species - potentially subject to global stock assessments/allocations;
- ▶ Review trip limits for overfished species taken in OT&L and OT - potentially during development of recovery programs;
- ▶ Consider gear selectivity issues with respect to trevally and a balanced approach to ensure long terms sustainability with minimal discarding of product - potentially during development of a recovery program or during the next bag and size limit review.

Modifications to fishing gear:

- ▶ Alternatives to prescribed weights on trap ropes that achieve the same objective;
- ▶ Consistent marking arrangements for set fishing gear across all fisheries;
- ▶ Remove requirement to register all commercial nets - underway for recreational and some commercial nets (i.e. fish trawl and danish seine);
- ▶ Increase in maximum mesh size for OPT codends from 50 to 55mm;
- ▶ Various reforms to estuary general traps/trapping arrangements (e.g. flexible mesh in fish traps).

Modifications to boat restrictions (noting that some of these are subject to the broader boat licence reforms):

- ▶ Allow unpowered boats to become powered;
- ▶ Remove OG1 notations and revoke the OG1 fishing closure;
- ▶ Remove engine units and engine power restrictions from the OPT fishery;
- ▶ Remove hull units from the OPT fishery and default to a maximum length as per all other fisheries;
- ▶ Replace the three sets of net length restrictions in the OPT fishery with one set of restrictions;
- ▶ Remove the requirement to use 'unitised' boats in the offshore sector of the fishery.

Modifications to 'adaptive management regimes':

- ▶ Review and/or remove the 'incidental catch ratio' ("ICR") and 'prawn count' closure programs in the EPT and EG fisheries to address the resource intensive nature of these programs in some regions. In particular consider strategies such as:
 - education on the benefits of harvesting and marketing only premium size product;
 - developing a 'commercial resource sharing policy' using prawns as a case study;
 - incentives to develop and use more selective codends and BRDs (e.g. remove 'riddlers');
 - incentives to use improved handling techniques (e.g. alternatives to 'riddlers');
 - industry being responsible for determining when prawns are too small and that work should cease; and
 - regulating the preferred arrangements instead of using fishing closures.

Part 4B **New species for quota management** (FOR INFORMATION AND TO STIMULATE THOUGHT)

Industry consultation: Mid 2010

System expected to be finalised: November 2010

Opportunity for regulations to be made: Late 2010

System available to industry: Early 2011 or the start of the 2011/12 quota season for quota related functions.

There are a number of species harvested in NSW commercial fisheries that are well suited to quota management and the current development of new online capabilities presents great opportunities for any sector considering quota. Following is a preliminary list of species potentially suitable for quota - all remain subject to further consultation.

Spanner crab

Spanner crab shareholders recently responded to a discussion paper looking at options for catch quota for that species, with an overall favourable response being received to the concept of quota. The new online quota system will provide a cost effective way of implementing a quota scheme for spanner crabs.

Sharks

The harvest of sharks in the OT&L fishery is currently managed by annual total catch limits and trip limits under a fishing closure and limited permit scheme. I&I NSW is looking into the efficiencies that could be gained if sharks were managed by quota. I&I NSW will continue to discuss this issue further with the OT&LMAC, and potentially other MACs given that that sharks are also taken in other fisheries.

Mud crabs

I&I NSW has received advice from the EGMAC that fishers are interested in rationalising the mud crab trapping and fish trapping arrangements and are actively discussing the idea of linking shares to the number of traps that a fisher may use. Interest has also been raised from some estuary general fishers in the potential benefits of managing mud crabs by quota. Some opportunities under a quota/tagging system that have been raised include the option of working more traps, submerging marker floats to reduce trap and crab theft, shrinking the black market and opportunities for marketing/branding NSW caught mud crabs. I&I NSW will discuss these issues further with the EGMAC and will consider doing a cost benefit analysis to allow fishers to make an informed recommendation on this.

Part 4C **New structural adjustment programs** (FOR INFORMATION AND TO STIMULATE THOUGHT)

Industry consultation: Mid 2010

System expected to be finalised: November 2012

System available to industry: Late 2012/early 2013.

A small number of programs to stimulate autonomous adjustment have been suggested by fishers and the MACs so far, however to date there have been no firm proposals made.

The programs suggested/discussed so far include:

- ▶ linking shares to numbers of traps, net lengths, etc, in the EG fishery;
- ▶ linking shares to 'additional crew' in the OH beach based sector;
- ▶ linking shares to 'priority' in the EG and OH fisheries; and
- ▶ linking shares to 'days' in the OT fishery.

To assist industry and the MACs firm up some proposals I&I NSW intends to develop a cost effective framework for further discussion with industry in the coming months. By developing a cost effective framework that can be applied across multiple fisheries the implementation and ongoing costs of such schemes can be significantly reduced.