

Report of the SA Marine Scalefish Fishery Strategic Review

Developed by the Marine Scalefish Fishery Strategic Review Working Group

November 2016

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Disclaimer

This Report has been prepared as a basis for consideration by the South Australian Department of Primary Industries and Regions (PIRSA). The Marine Scalefish Fishery Strategic Review Working Group expressly excludes any responsibility or liability arising in any way from reliance placed upon this report by a third party. Any such reliance is solely at the risk and responsibility of the relevant third party.

EXECUTIVE SUMMARY

The Marine Scalefish Fishery Strategic Review Working Group agreed that it was important to develop a vision statement for the fishery as a basis for recommending a program of reform, as follows:

VISION STATEMENT: To foster a vibrant Commercial Marine Scalefish Fishery that sustainably harvests premium South Australian seafood without impacting the environment.

Industry and Government have worked collaboratively, through the establishment of a Marine Scalefish Fishery Strategic Review Working Group (the Working Group), to address the inherent complexities of the fishery through firstly developing a mechanism to rationalise the fleet, then reforming its overall structure, and ultimately refining its future management.

The terms of reference for the Working Group were to review the overarching structures and management tools used to manage the MSF and to recommend strategic options for improving the longer-term management of the Fishery.

This report documents the outcomes of the strategic review of South Australia's Marine Scalefish Fishery (MSF), and concludes that the fishery needs to be restructured in order to ensure its long-term sustainability and economic viability.

The heterogeneous mixture of participants, fishing devices, licence conditions and regulations associated with this fishery make the task of administering and managing it extremely challenging. These complexities intertwined within a highly dynamic fleet that is capable of shifting fishing effort amongst species and regions often alter the emphasis of its overarching management.

The Working Group recommends a reform program for the MSF to:

1. consolidate existing management strategies,
2. identify key management options,
3. gain Government approval, and
4. develop a structural adjustment program

The proposed aim is to complete the reform program by 2022.

This process would be undertaken in close communication and consultation with industry, PIRSA and the relevant stakeholder groups.

Key management options include: augmenting existing strategies (i.e. leasing licences, amalgamation scheme); assessing the feasibility of regionalisation; Individual Transferable Quotas (ITQs) or Individual Transferable Effort units (ITEs); and a critical review of existing controls.

The Working Group recommends that following agreement about key management measures, a 'Structural Adjustment Program' be implemented in the MSF to provide an opportunity for those who wish to exit the fishery to do so. The removal of latent and effective commercial fishing effort from the MSF would assist the Government and Industry to directly achieve resource sustainability goals as well as contribute to improving the overall viability and profitability of those who remain in the fishery.

It is recommended the Structural Adjustment Program be funded by both industry and Government as a co-investment in the fisheries future. It is critical that licence holders be informed of the agreed arrangements to reform and rationalise the management of the fishery prior to any adjustment program being implemented.

In order to optimise this structural reform, it is necessary to disentangle and understand the fleet dynamics of this multi-faceted fishery to provide an empirical baseline to which the MSF Strategic Review can refer in its decision-making processes.

In addition, given that there are fishers who are considering exiting the fishery in the short term, it is recommended the existing licence amalgamation scheme be maintained. Lastly, the Working Group recommends PIRSA continue to explore possible regulatory measures to reduce or prevent the short-term transfer of licences in the MSF.

INTRODUCTION

Fisheries management presents a number of unique challenges due to: the community owned nature of the resource; competition within the operating environment; diversity of stakeholders; the biological and ecological dynamics and inherent uncertainties; and the risk of declining stocks through excessive fishing effort. This is particularly evident in multi-gear, multi-species and multi-sectoral fisheries like South Australia's Marine Scalefish Fishery (MSF).

Overview of Marine Scalefish Fishery

- Gross value of production is \$25.2 million
- Total contribution to Gross State Product is \$42 million
- Direct fishery employment is 263 full time equivalent (fte)
- Total employment impact is 484 fte jobs state-wide
- Economic rent is -\$3.4 million
- Ageing workforce: 30% of active fishers over 55 years old

Current issues facing the industry

- Too many fishing licences to manage the fishery in a sustainable and economically viable way
- Excess latent and active fishing effort, and effort shifting influenced by a range of factors, e.g. advances in technology, economic forces, and fish stock variations
- Constant adjustment to management arrangements to meet sustainability objectives - usually achieved through controls on fishing effort
- Constant regulatory changes result in uncertainty for fishers in the long-term direction of the fishery
- Restrictions on fishing effort generally result in less efficient operators and reduced economic viability
- Poor profitability and economic returns
- Cumbersome and complicated regulatory system

The terms of reference for the Working Group were to review the overarching structures and management tools used to manage the MSF and to recommend strategic options to improve the longer-term management of the fishery. The review aimed to focus on strategic overarching issues facing the fishery.

The specific terms of reference were:

- to complete the review by 30 June 2016 and provide a report to the Director, Fisheries and Aquaculture Policy;
- to consider previous reviews of this fishery;
- to recommend options for the future management of the MSF;
- to review the efficacy of the existing amalgamation scheme and make recommendations on its future merits and possible improvements;
- to review the current practice of licence leasing in the fishery and make recommendations for possible improvements;
- to develop a consultation strategy for dissemination of the management options recommended to the industry for consideration;

- to consider the outcomes of the FRDC project 'Illuminating common and conflicting social and economic objectives in multi-stakeholder fisheries', in particular the diverse range of objectives and business models within the fishery in designing an implementation strategy for the review;
- to take account of a Strategic Plan being developed by the Marine Fishers Association (MFA).

The MSF was South Australia's (SA) first commercial fishery, having evolved from the collective knowledge and expertise of the early settlers, who had migrated from a diversity of European countries that had built strong economies from their fishing industries. From its humble beginnings in the 19th Century, the MSF is now the State's most complex fishery with the highest number of operators (Steer et al. 2014). It currently has a Gross Value of Production of \$25.2 million, directly employs in excess of 250 people, which is largely an ageing workforce (Figure 1).

The heterogeneous mixture of participants, fishing devices and licence conditions, make the task of efficiently managing this fishery complex. There are currently 309 MSF licences and 6 Restricted MSF licences with State-wide access, with a further 180 Southern Rock Lobster, 63 Northern Rock Lobster and 36 Lakes and Coorong Fishery licences that have commercial access to marine scalefish species. This fleet can use up to 28 different registered gear types (including long lines, hand lines, hauling nets and fish traps), and target in excess of 60 species through a variety of licence conditions (PIRSA 2013). Each licence is potentially unique with respect to the gear types endorsed, which further complicates the overall management of the fishery.

Although the fleet has the capacity to target a variety of species of finfish, molluscs, crustaceans, annelids (worms) and sharks, most fishers target the four primary species of King George Whiting, Southern Garfish, Snapper and Southern Calamari (Steer 2009). In some regions within the State there has been significant fishing pressure on these species that has resulted in less than favourable levels of stock status (Fowler et al. 2014, Lyle et al. 2014, Steer et al. 2015, Fowler et al 2016). These have required additional restrictive management arrangements aimed at ensuring the long-term sustainability of regional fisheries (Table 1).

Over time these inherent complexities have contributed to creating a number of fishery-wide issues that include:

- excess fishing capacity, which compromises the sustainability and economic viability of the State's marine scalefish resources;
- a highly dynamic fishing fleet that is capable of shifting/activating effort amongst species and regions, which alters the emphasis of the fishery's overall management;
- constantly improving fishing capacity through advancing technologies, knowledge, and economic conditions;
- reactive regulatory adjustments that create uncertainty regarding the long-term direction of the fishery, and contribute to a complicated and cumbersome system;
- poor profitability and economic returns;
- lack of community support for the commercial sector;
- increased conflict both within and between the commercial and recreational sectors.

Various management strategies have been implemented to address some of these issues but they have varied in their effectiveness. Strategies have included: numerous reviews over the last 50 years; the introduction of the Licence Amalgamation Scheme in 1995; and the restructure of the commercial net sector which included voluntary buy-backs. Collectively the latter two initiatives reduced the number of licences within MSF by 40% over 20 years.

Given these issues and the current management framework, it is widely acknowledged by Government and industry representatives that the MSF requires restructuring to ensure the fishery is sustainable, vibrant and economically profitable.

The Marine Scalefish Fishery Strategic Review Working Group was established in 2014 following a request from the Marine Fishers Association in response to these ongoing strategic challenges. Its membership consists of an Independent Chair, representatives of the Marine Fishers Association, PIRSA Fisheries and Aquaculture, SARDI, as well as a representative from the Rock Lobster fishing industry, and an independent fishery economist. This group developed and distributed a discussion paper to commercial licence holders and engaged with stakeholders through a series of regional port meetings through July and August 2016 (see appendices). Licence holders were invited to present their views on a number of options presented in the discussion paper and to provide feedback. All feedback was collated and summarised and used to inform the recommendations made in this report.

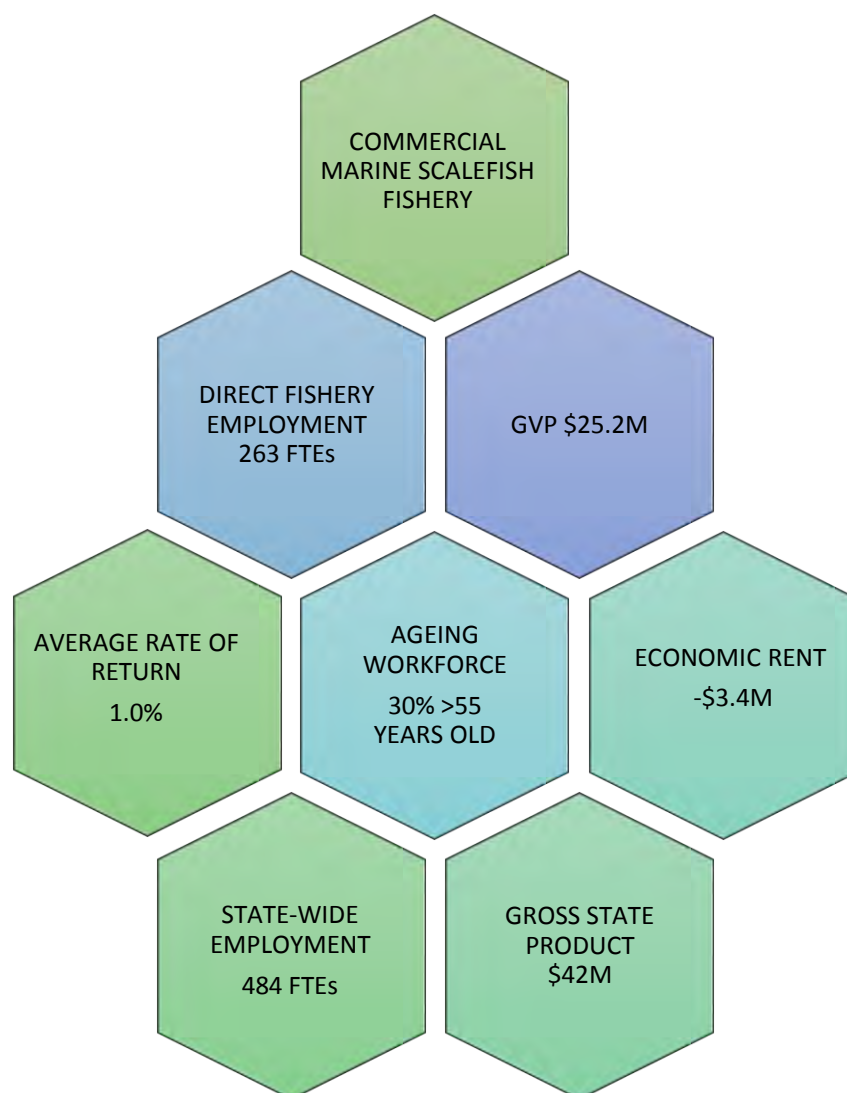


Figure 1. Overview of South Australia's Commercial Marine Scalefish Fishery (source: Econsearch 2016).

Table 1. Stock Status of the primary Marine Scalefish Fishery species.

COMMON NAME	STOCK/MANAGEMENT UNIT	STATUS
SOUTHERN CALAMARY (2014)	South Australia	Sustainable
KING GEORGE WHITING (2014)	Spencer Gulf	Transitional-depleting
	Gulf St Vincent/Kangaroo Island	Transitional-depleting
	West Coast	Sustainable
SNAPPER (2016)	Western Victorian	Sustainable
	Gulf St. Vincent	Sustainable
	Spencer Gulf/West coast	Transitional-depleting
SOUTHERN GARFISH (2015)	West Coast	Undefined
	Northern Spencer Gulf	Transitional-recovering
	Southern Spencer Gulf	Sustainable
	Northern Gulf St. Vincent	Overfished
	Southern Gulf St. Vincent	Sustainable
	South East	Undefined

STRUCTURAL REFORM

The Working Group has undertaken an assessment of the current operating environment of the commercial sector of SA's MSF. The assessment has found that a more positive business environment could be achieved through a series of changes that focus on structural adjustment and new management measures to reduce complexity and enable ongoing autonomous adjustment. It is proposed that the reform would firstly consolidate existing management strategies, identify key management options, gain Government approval, and develop a structural adjustment program for implementation by 2022 (Figure 2). This process would be undertaken in close communication and consultation with industry, management and relevant stakeholder groups.

OBJECTIVES FOR A REFORM PROGRAM

The Working Group has concluded that a reform program for the MSF in SA should have the following objectives:

1. to ensure the ongoing sustainability of fish stocks and the environment which supports them;
2. to foster a vibrant and profitable commercial MSF;
3. to provide an effective mechanism for the MSF to autonomously adjust in the future without the need for further government assistance;
4. to ensure that the commercial sector of the MSF maintains its current allocation of the resource so it can continue the ongoing supply of freshly-caught seafood to SA consumers to ensure that the MSF is regarded as a reliable supplier and contributor to South Australia's 'Premium Food from a Clean Environment'; and
5. to foster long-term community support for commercial fishing activities as contributors to the South Australian food industry and broader economy.

It will be critical to ensure that actions are undertaken in the right sequence to deliver an improved operating environment for the MSF. For example, it will be necessary to provide an explicit explanation of future fishery management measures so that licence holders clearly understand the nature of the post-structural adjustment management regime so they can make

informed decisions regarding their business options. In particular, the Working Group recommends the key management measures be agreed prior to implementation of the structural adjustment program.

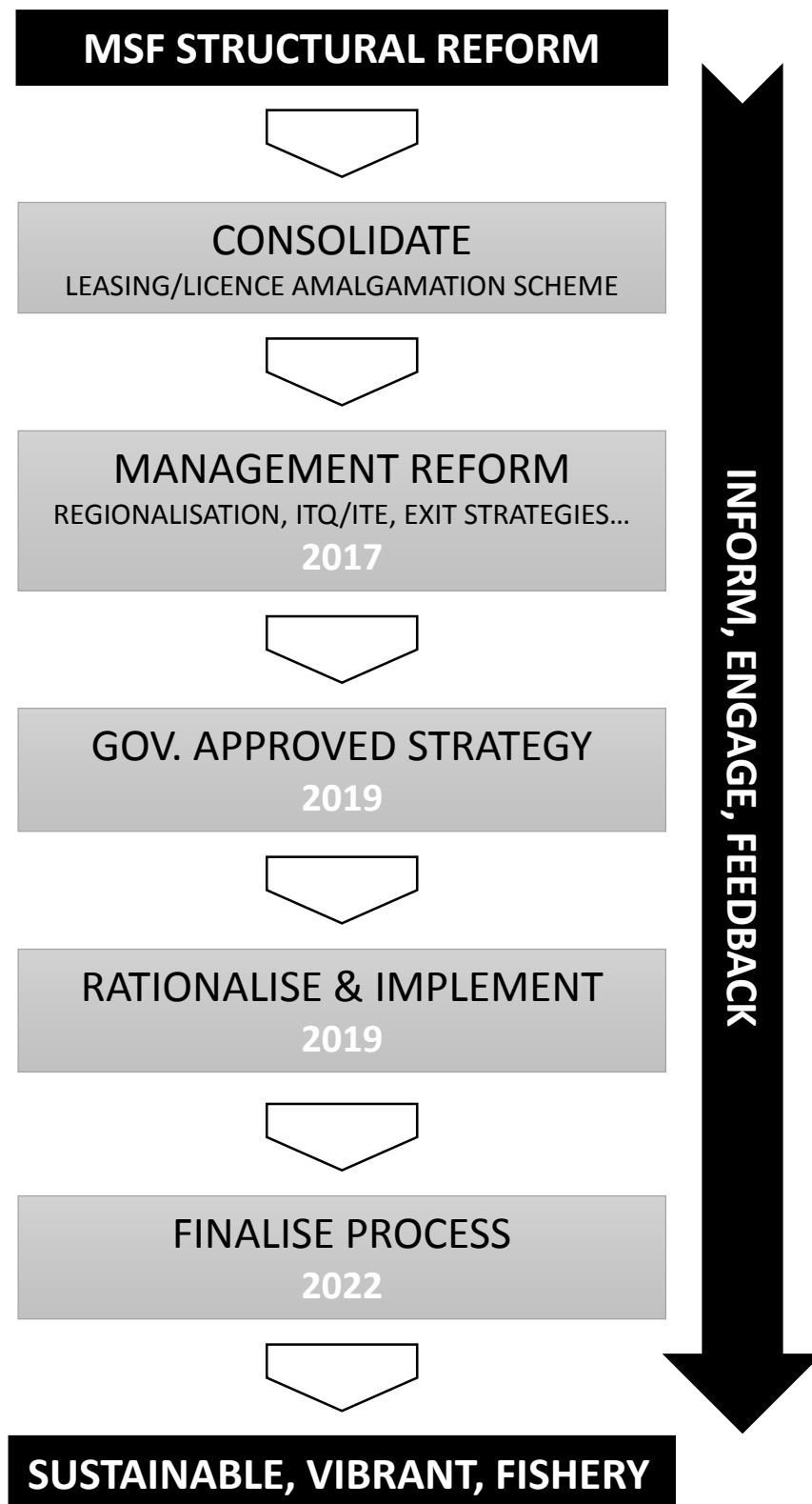


Figure 2. Flow diagram of the proposed sequence of events contributing to the structural reform of SA's MSF.

1. CONSOLIDATE

It is anticipated that the implementation of the structural adjustment program will require adequate time to ensure it is well informed, accepted by relevant stakeholder groups and considered in its delivery. During this time, it would be prudent to address some key concerns to ensure that the process of reducing fishing capacity/effort within the MSF occur simultaneously. Two key priorities have been identified by the Working Group that require immediate consideration:

- augmentation of the Licence Amalgamation Scheme to maximise its efficiency in the short-term;
- addressing the practice of leasing licences and short-term transfers.

Amalgamation

As a long-term fishery management initiative, the Licence Amalgamation Scheme, has been a successful and cost-effective means of reducing fishing effort (Steer and Besley 2016). However, the benefits of continuing this scheme into the future have been questioned. Although under the current management arrangements the fishery could theoretically become fully amalgamated and reduced to 221 transferable licences, it is unlikely that this would occur. There is, however, scope to augment the criteria to encourage amalgamation. Potential options include:

- a further reduction in the points required to amalgamate licences; allowing the amalgamation of any two licences regardless of their endorsements;
- expanding the scheme to include other sectors with access to marine scalefish species (i.e. the Rock Lobster and Lakes & Coorong fisheries).
- leaving the scheme unchanged, allowing it to slowly reduce the remaining original licences.

Pending further consideration of the above options, especially given that there are fishers who are considering exiting the fishery in the short term, it is recommended the existing licence amalgamation scheme be maintained.

Short Term licence Transfers (Leasing)

There is a perception amongst the fishers that the option of leasing licences negatively affects the fishery by encouraging short-term, highly-intensive fishing practices that may compromise the long-term sustainability of key resources. The Working Group recommends PIRSA continue to explore possible regulatory measures to reduce or prevent the short-term transfer of licences in the MSF. Consideration should be given to:

- limiting the number of occasions that licences can be transferred within a set period;
- implementing a minimum period between licence transfers;
- temporarily ceasing the transfer of licences for a designated amount of time to create a period of stability in the fishery from which to commence restructure activities;
- implementing a fee structure on transfers that would dissuade the practice.

2. MANAGEMENT REFORM

The current structure covering the management and regulation of the commercial MSF fishery is a culmination of complex species-specific management strategies. On the basis of discussion and consultation with stakeholders, the Working Group recommends that management options should be evaluated as part of the next phase of the review and should include, but are not limited to:

- managing the commercial MSF fishery on a regional or zonal basis;
- assessing whether output controls either in the form of Individual Transferable Quotas (ITQs) or Individual Transferable Effort units (ITEs), are feasible at the species, fishery and regional levels;

- critically reviewing existing controls that may compromise the efficiency of commercial fishing operations;
- examining options for reducing or limiting the practice of short-term transfers (leasing of licences).

In relation to the consideration of quotas either as ITQs or ITEs, the Working Group emphasise the fact that should there be clear support for quota as a future management mechanism. An appropriate qualifying period would need to be determined for quota allocation purposes, which would precede the date of the circulation of the Discussion Paper (Appendix 1) i.e. June 2016.

In order to optimise structural reform, it is necessary to disentangle and understand the fleet dynamics of this complex fishery. An expression of interest for developing a project that aims to explore the implications of strategic management options (e.g. regionalisation, licensing, ITQ's and ITE's) on the future structure and viability of SA's MSF, has been proposed. This project will build upon a previous study that explored the dynamic shifts in targeted fishing effort (Steer 2009) to disentangle key demographics of the fleet to provide an empirical baseline to which the MSF Strategic Review can refer in its decision-making processes. The direction of this project will critically rely on clear and direct engagement with the relevant stakeholders through the Marine Scalefish Fishery Strategic Review Working Group. It is anticipated that a suite of proposed management options identified as part of this review will be evaluated, both quantitatively and qualitatively to ensure that the reform of the fishery is appropriately planned, considered and balanced.

Once these options have been evaluated, PIRSA and industry can agree on the future management arrangements which are best suited to the MSF.

3. RATIONALISE

It is recommended that the Structural Adjustment Program be funded by an industry levy, supported by financial assistance from the SA Government. Such assistance could be provided in many forms including a co-contribution and/or establishing a loan at a subsidised interest rate. A successful program would require developing effective mechanisms to: (a) set targets for numbers of licences, possibly by gear type and zone; (b) establish a funding model; (c) design mechanisms to achieve value for money; (d) develop ranking criteria; and (e) an effective administrative process.

Opportunities to exit the fishery need to be identified. One option may be a new voluntary 'buy back' scheme for fishers. The number of licences to be targeted would need to be determined based on value for money and the agreed management reform process. Any rationalisation program should take into account the desire of older fishers who no longer fish, but who wish to leave the industry, should be provided with the opportunity to do so.

It is essential that any adjustment program aims to foster a vibrant Commercial Marine Scalefish Fishery that sustainably harvests premium South Australian seafood without impacting the environment. We suggest that this will obviate the need for any further Government investment..

4. IMPLEMENT

The Working Group recommends that following agreement about key management measures, a 'Structural Adjustment Program' be implemented in the MSF to provide an opportunity for those who wish to exit the fishery to do so. The removal of latent and effective commercial fishing effort from the MSF would assist the Government and Industry to directly achieve resource sustainability goals as well as contribute to improving the overall viability and profitability of those who remain in the fishery.

The correct sequence of actions will be critical in delivering an improved operating environment in the MSF. This will include providing an explicit explanation of future fisheries management

measures so that licence holders clearly understand the nature of the post-structural adjustment management regime and can make informed decisions regarding their business options. In particular, the Working Group recommends the key management measures are agreed prior to the implementation of the structural adjustment program.

5. INFORM AND ENGAGE

Subject to the SA Government's consideration of the recommendations contained in this report, the key requirements for implementation will need to be addressed, including a targeted communication strategy, establishment of an implementation project team, and sufficient resources to establish the necessary legislative, policy, information technology and administrative systems to support the recommendations. In particular, it will be important to develop and communicate the detail of the longer term operating rules to industry prior to the commencement of the major reform process. This will enable fishers to make the necessary business decisions regarding how they position themselves in the industry or whether they leave fishing all together.

CONCLUSION

The Working Group concludes that a positive business environment can be achieved through a series of recommendations that focus on structural adjustment and reform which maintains and improves fish stocks and thus improves stock sustainability and supports more profitable fish production, business specialization and proficiency, business economies of scale, a confident investment climate, employment opportunities, efficient administration, and an opportunity for those who wish to exit the industry to do so.

If adopted, the reform will strengthen the access rights and value of commercial fishers to utilise their allocated share of the State's fish resources, noting the proposal that the allocation of access is maintained between the commercial and recreational sectors as described in the Management Plan for the Marine Scalefish Fishery (PIRSA 2013).

The improved operating environment, will give operators confidence in their own and industry's future. The reform will also engender significantly greater community and government confidence that the publicly owned fish resources of SA are being commercially harvested in a long term sustainable manner.

The Working Group recognises that the correct sequence of actions will be critical in delivering a much improved operating environment in the MSF. For example, it will be necessary to provide an explicit explanation of future fisheries management measures so that licence holders clearly understand the nature of the post-structural adjustment management regime and can make informed decisions regarding their business options. In particular, the Working Group recommends the key management measures be agreed prior to implementation of the structural adjustment program.

Finally, the proposed reform program needs to be accompanied by a commitment from industry to seize the opportunities the changes present. Industry efforts could be supported by supplementary incentives which could be added to the reform such as:

- professional advice for fishing and related on-shore businesses to assist in their long-term financial viability and restructuring options;
- skills accreditation; and
- re-training options for fishers who decide to exit.

The industry should consider opportunities to access existing Federal and State Government programs designed to improve the skills base of the workforce (apprenticeships and similar programs) and promotion of quality seafood supply.

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APPENDIX

1. South Australian Marine Scalefish Fishery Strategic Review Proposals Discussion Paper June 2016
2. Letter dated 17 June 2016 to licence holders in the MSF from the Director, Fisheries and Aquaculture Policy
3. Letter dated 14 June 2016 to licence holders from the Marine Fishers Association
4. Copy of feedback form seeking submissions on the discussion paper
5. Summary of comments from port meetings with industry
6. Summary of industry submissions on the discussion paper

APPENDIX 1

SA Marine Scalefish Fishery Strategic Review Proposals

Discussion Paper

Paper developed by the Marine Scalefish Fishery Strategic Review Working Group

June 2016

SA Marine Scalefish Fishery Strategic Review Proposals

Discussion Paper

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Introduction

The South Australian commercial Marine Scalefish Fishery (MSF) is a limited entry fishery operating predominantly in Gulf St Vincent, Spencer Gulf and the West Coast of the State. The MSF is a complex multi-species, multi-gear fishery that targets a wide range of species. Additionally, these species may also be accessed by licence holders in other fisheries including Lakes and Coorong and Rock Lobster fisheries. Responsibility for the day to day management of the fishery rests with Primary Industries and Regions SA (PIRSA).

The fishery is managed via input controls (gear and effort based) for the majority of species. The key target species are King George Whiting, Snapper, Southern Garfish and Southern Calamari. There are also a multitude of secondary species in the fishery (e.g. Snook, Yellowfin Whiting, Australian Herring, etc.), which present a real opportunity for improved profitability and economic performance if developed sustainably and marketed better. MSF species including Vongole, Blue Swimmer Crab and Goolwa Pipi are managed under output controls with annual quotas set for commercial fishers.

The *Management Plan for the South Australian Commercial Marine Scalefish Fishery* (2013) highlights the need for a strategic review of the management arrangements in the MSF in response to ongoing strategic challenges facing the management of the MSF. The Marine Scalefish Fishery Strategic Review Working Group (Working Group) was established to facilitate this review and was requested to be established by the Marine Fishers Association.

It has been noted that there have been a number of reviews of the MSF previously, with little traction on recommendations due to conflict between stakeholders in the fishery and little agreement on the proposals. To mitigate this risk in this review, the Marine Fishers Association (MFA) instigated a structured social survey to be undertaken by Adelaide University. The survey includes fishers from all commercial sectors within the MSF with the aims to identify the key social and economic objectives for the MSF.

This document is designed to generate informed discussion and provides a summary of current issues facing the MSF and provides a number of proposals for consideration and discussion.

As outlined in the *Management Plan for the South Australian Commercial Marine Scalefish Fishery* (section 13.2.1) there are a number of underlying issues in the fishery relating the structure of the MSF, its management framework and resource access arrangements. The plan outlined the future management of these fishery issues will be determined through the development of a long-term strategic direction for the management of the fishery. Undertaking such a review was identified as an industry and management priority and to be addressed during the term of the management plan. In March 2014, the Fisheries Council of South Australia supported the establishment of a Marine Scalefish Fishery Strategic Review Working Group. The role of this Working Group is to review the fishery and to develop a new strategic direction for the management of the fishery particularly in relation to the structure of the fishery. Whilst the Fisheries Council has been abolished, PIRSA will continue with a dedicated working group to provide advice on this review.

Terms of Reference

The terms of reference for the Working Group are to review the overarching structures and management tools used to manage the MSF and to recommend strategic options to improve the longer-term management of the MSF. The review should focus on strategic overarching issues facing the fishery and avoid operational management issues.

To achieve this goal, the Working Group should:

- a) Complete the review by 30 June 2016 and provide a report to the Director, Fisheries and Aquaculture Policy, PIRSA

- b) Consider previous reviews of this fishery
- c) Recommend options for the future management of the MSF
- d) Review the efficacy of the existing amalgamation scheme and make recommendations on its future merits and possible improvements
- e) Review the current practice of licence leasing in the fishery and make recommendations for possible improvements
- f) Develop a consultation strategy for dissemination of the management options recommended to the industry for consideration
- g) Consider the FRDC project 'Illuminating common and conflicting social and economic objectives in multi-stakeholder fisheries' outcomes, in particular the diverse range of objectives and business models within the fishery in designing an implementation strategy for the review
- h) Take account of an Strategic Plan being developed by the MFA

Membership of the Working Group is as follows:

- Chair – Richard Stevens
- Nathan Bicknell – MFA
- Mike Fooks – MFA and MSF Licence Holder
- Craig Fletcher – MFA and MSF Licence Holder
- Sevaly Sen – Independent social economist
- Keith Rowling – PIRSA
- Michelle Besley – PIRSA
- Anthony Fowler – SARDI

Scope

This discussion paper is designed to generate informed discussion on the future management arrangements for the MSF. This discussion paper does not include a review of arrangements for the output managed species including Vongole, Pipi and Blue Swimmer Crab.

Overview of the Strategic Review

This strategic review endeavours to provide policy options to identify the most practical and cost effective mechanisms to achieve the long-term sustainability and profitability for the fishery.

Importantly, the review must recognise that the commercial industry provides fresh seafood to local consumers and makes a significant contribution to many regional communities along the South Australian coastline. To achieve this, the MSF requires the existence of well managed and viable fishing businesses, operating profitably and responsibly, with the certainty necessary to enable sound business investment at all scales of operation.

The strategic review has taken account of the *Fisheries Management Act 2007* and relevant Government policy, together with the *Management Plan for the South Australian Commercial Marine Scalefish Fishery* (PIRSA 2013) approved by the Minister in 2013.

The following key objectives from the management plan are identified as a guide in development of strategic review options for the MSF:

1. manage total catch and effort across the fishery to ensure species are harvested at sustainable levels
2. increase the flow of benefits of economic and social benefit from the fishery to the broader community
3. improve the economic efficiencies and financial returns within the constraints of sustainably imperatives
4. maximise stewardship of fisheries resources

This strategic review acknowledges that the marine scalefish resources in South Australia are shared by both extractive (recreational, commercial and Aboriginal traditional fishers) and non-extractive users (catch and release recreational fishers and divers) and are subject to increased conservation areas through the establishment of Marine Parks. Further development of this strategic review will require input and understanding from these stakeholder groups. Specifically, it will need to reconcile multiple sector objectives and engage relevant stakeholders effectively.

SA commercial Marine Scalefish Fishery

There are currently 309 MSF licences and 6 Restricted MSF licences with state-wide access, with a further 149 Southern Rock Lobster, 61 Northern Rock Lobster and 36 Lakes and Coorong Fishery licences with commercial access to marine scalefish species.

Management arrangements for the fishery are provided in the 'Management Plan for the South Australian Commercial Marine Scalefish Fishery' (PIRSA 2013), the *Fisheries Management (General) Regulations 2007*, the *Fisheries Management (Marine Scalefish Fisheries) Regulations 2006* and licence conditions. The management arrangements have changed over time to control the level of fishing effort being applied by fishers.

The MSF operates across the coastal waters of South Australia and includes most marine species of fish, molluscs, crustaceans, annelids (worms), and sharks but excludes Rock Lobster, Prawns, Abalone and freshwater fish species (see Attachment 1 for a list of permitted species).

The heterogeneous mixture of participants, fishing devices and licence conditions, make the task of efficiently managing this fishery complex. There are currently 28 different registered gear types (listed in Table 1) and multiple licence conditions that can be endorsed on licences with access to the MSF. Combinations of licence conditions and gear endorsements on MSF licences result in no two licences being the same, greatly adding to the complexity for managers and licence holders.

MSF licence holders fish on either a part time or full time basis with some fishers defining their fishing operation as a "lifestyle" which has its own culture and customs. The socio-economic profile of commercial fishers identifies issues such as profitability, competition from other domestic fisheries and imports, erosion of access (Marine Parks, aquaculture, shipping etc.), as well as business certainty. These concerns are reflected in the negative return on capital reported in the latest economics report for the fishery (Econsearch 2014).

The results of the FRDC project 'Illuminating common and conflicting social and economic objectives in multi-stakeholder fisheries', will inform the implementation strategy of the review. In particular it will provide guidance on the diverse range of objectives and individual business models within the fishery and future directions and aspirations that the licence holders in the fishery may have.

Table 1: Total number of devices endorsed on MSF and restricted licences, as of 4 September 2015

Gear Type	No. of Licences	Total No. of Devices
Bait fork	16	33
Bait net	35	37
Bait pump	16	28
Bait spade	17	36
Brailing net	74	85
Cockle net	37	77
Cockle rake	141	299
Crab net	5	120
Crab rake	110	305
Dab net	275	759
Drop line	128	2661
Drop net	54	687
Fish spear	65	140
Fish trap	173	3079
Gill net (<15 cm)	44	170
Hauling net	48	127
Hoop net	191	2009
Large mesh net	29	132
Longline	281	2230
Mussel dredge	20	26
Oceanjacket trap	4	80
Octopus trap	43	26836
Purse seine net	2	2
Razorfish tongs	311	519
Sardine net	14	23
Sand crab pot	4	400
Squid jigging machine	3	18
Hand line/rod & line (not issued as endorsement)	All licences	Max 2 lines per person

Strategic Management Issues

A summary of the major strategic issues for the long-term biological and economic sustainability of the MSF is provided below.

Sustainability of key target species

MSF fishers have access to all MSF species (under certain conditions), however the majority of fishing effort within the MSF targets the primary species (King George Whiting, Southern Garfish, Snapper and Southern Calamari). In some areas there is significant fishing pressure on these fish stocks requiring additional management arrangements to mitigate impacts on fish stocks (e.g. Snapper daily catch limit, Garfish fishing closures etc).

King George Whiting and Snapper stocks are classified as transitional-depleting in some regions. Transitional depleting means stocks are deteriorating: this means the biomass is not yet overfished, but fishing pressure is too high and moving the stock in the direction of becoming overfished. When a stock is classified as “transitional depleting” proactive management action is required to return the stock to sustainable levels.

The northern Gulf St. Vincent stock of Southern Garfish was recently classified as overfished. Overfished means that spawning stock biomass has been reduced through catch, so that average recruitment levels are significantly reduced (i.e. recruitment overfished). Current management is not adequate to recover the stock, or adequate management measures have been put in place but have not yet resulted in measurable improvements. The northern Spencer Gulf stock was classified as transitional-recovering.

There is pressure on stocks of MSF species from a diverse range of stakeholders. Management action to address stock concerns aims to address the sustainability concerns while also meeting many differing objectives of the sectors.

Fishers have raised the need to develop markets for secondary and tertiary species to disperse effort across the permitted species in the MSF. However, there is reluctance for individual investment to develop markets for species that are widely accessible because other licence holders are freely able to shift effort and capitalise once a market is established.

Effort

The Marine Scalefish Fishery is primarily managed through the use of input controls, which aim to limit the total effort directed into the fishery to ensure the sustainability of the aquatic resources on which the fishery is based. The owner operator requirement is one of the key effort restrictions in place.

Latent effort is the licensed potential fishing effort that has not been used to full capacity. This includes licences that are held, but not used and fishers that are fishing below full capacity. Large amounts of licensed latent effort re-entering the fishery could result in overfishing for some species and potentially shift available harvest away from current active, full time fishers.

Although various management tools have been successful in reducing the level of latent commercial fishing effort in the MSF, there is still significant latent effort in the fishery. For example, over a quarter of the licences in the fishery fish less than 25 days per year due to:

- Participation in other fisheries or other businesses
- Low level fishing activity by part-time operators, semi-retired operators or fishers approaching retirement
- Variation in market prices affecting economic viability from time to time

Relaxing of the input controls would give fishers greater flexibility with potential benefits to profitability. However, this would likely also result in increased effective fishing effort. PIRSA considers it important to adequately address latent effort before any relaxation of management arrangements that control fishing effort is considered.

The practice of 'leasing' licences is likely to increase effort in the fishery particularly given the frequency of this activity is thought to be increasing. This issue is discussed in more detail on page 10.

Mobility of MSF fishers/effort

The MSF is managed over the whole area of South Australian waters, unlike other fisheries where management is in zones. In addition, many licences have multiple gear endorsements allowing them to target different fish species. As a result MSF licence holders are able to move around and exploit opportunities across the full range of the fishery.

The state-wide nature and structure of the fishery is a result of historical management of the fishery. The MSF has evolved over time since its establishment when there were many fishing licences with state-wide access and a limited understanding of stock structures. Initial Class A licences were granted in 1904 and continued to be issued until the fishery was made limited entry in 1977. Changes to the management of the fishery have occurred over time within the confines of historical access/licences.

These arrangements allow fishers to shift their effort to species or areas in response to changes in fish availability or markets or to avoid bad weather. It also allows fishers to converge effort onto a species or location when there is an incentive to do so, potentially leading to localised or species specific over fishing. When this occurs local fishers express concern that fishers shifting effort from other areas are having negative impacts and do not display the same level of stewardship for the resource or location outside their typical area of operation.

Management arrangements in the fishery are often applied at a state-wide level to avoid the unintended consequences of shifting fishing effort between regions. It is a precautionary approach, as there can be a risk with operators having already invested in equipment and wanting to capitalise on their investment.

Fishers' income

As described in the '*Economic Indicators for the South Australian Marine Scalefish Fishery 2013/14*' report profitability of MSF licence holders varies greatly and is highly related to fishing days. Full time fishers' (fishing more than 150 days) average gross income is around \$103,000 compared to \$12,000 for those fishing 50 days or less (EconSearch, 2015). This is reflective of the differences between licence holders with a lifestyle focus compared to those with a business profitability focus; these differences also drive variances in skill/expertise levels and business operations. The choice of how an individual licence holder operates is made at an individual level but the consequence of that choice applies fishery wide with management arrangements attempting to accommodate both whilst ensuring sustainability for the fishery.

In the absence of publicly available licence transfer (or trading) prices, negative economic rents in the fishery over the last few years suggest that the value of a transferred licence (a trade between a willing seller and a willing buyer) would be low and possibly lower than the value many current holders attribute to their licence. Some licence holders view the sale value of their licence as their superannuation.

In addition to the financial value a licence brings, there is also significant social value in fishing for the commercial fishers themselves. Many agree that fishing is a lifestyle not just a job, with many expecting to be working in the same industry in five years' time.

Amalgamation scheme

The amalgamation scheme was introduced in 1994 to rationalise the number of licences, assist in the management of effort in the fishery including reducing latent effort in the fishery to assist in reducing the risk of overexploitation of MSF resources.

While the amalgamation scheme has led to a reduction of licences, there has been a slowing of the rate of amalgamations in recent years. In addition a reduction in licence numbers does not necessarily result in reduced total catch and effort in the fishery. PIRSA Fisheries and Aquaculture considers it is vital to manage the latent effort for sustainable and efficient management of the MSF.

Unamalgamated licences can't be transferred (except to a family member). When the licence amalgamation scheme was introduced, all MSF licences were assigned a points value based on the level of historical catch starting from 18 points down to 12 points. The amalgamation scheme requires that when a licence of less than 24 points is sold/transferred, the person purchasing the licence must also buy another MSF licence and then amalgamate the two licences upon transfer so that the points exceed 24 points, removing a licence from the fishery. The scheme was reviewed in 1996 and 2004 to incorporate the Restricted MSF licences, which were non-transferable and slowly reducing through natural attrition, and reduce the number of points required for an amalgamated licence. If the amalgamation scheme was to be abolished, other arrangements for restricted licences would need to be made.

Since the inception of the amalgamation scheme and with the assistance of a net fishery restructure, over 40 per cent of licences have been permanently removed from the fishery. As at 14 October 2015 there were 51 MSF licences with net endorsements; of these 23 are fully amalgamated licences and 28 remain un-amalgamated. Of the 264 line licences, 161 are fully amalgamated, 96 remain un-amalgamated and six are restricted licences.

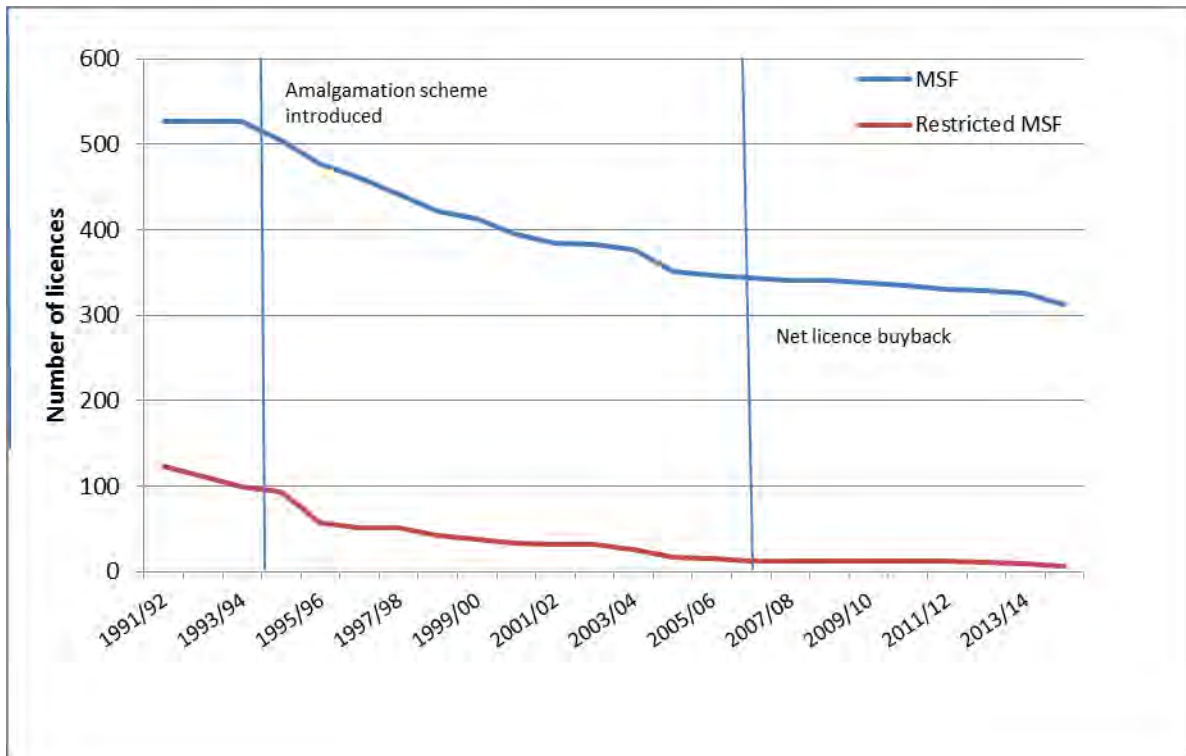


Figure 1: Number of MSF and restricted MSF licences over time

There are mixed views held on the amalgamation scheme in the fishery with some wishing for the scheme to be abolished, stating it has unfairly impacted the value of their licence, it has increased the licence purchase price and there is great difficulty accessing two licences in order to enter the fishery. Alternatively, some support the amalgamation scheme to continue to remove licences from the fishery, it is seen by some as a fishery/industry funded structural adjustment, all fishers should 'pay their dues' to contribute to the fishery and further licences should to be removed.

Any amendments to the amalgamation scheme would need to take equity considerations into account for those who already have amalgamated licences. The amalgamation scheme currently doesn't include licences from other fisheries with MSF access. As such, it is viewed by some that there is an inequity for those with MSF licences. Consideration could be given to incorporating other fisheries within the scheme should it be revised.

Owner operator arrangements

In 1980, arrangements were introduced which require the holder of a MSF or Restricted MSF licence to be the master of the licence (i.e. the licence holder is required to be present during all fishing operations) to control effort in the fishery. There are exceptions to this rule when:

- the licence holder owns multiple MSF licences and is the operator of one of those licences
- the licence authorises the use of certain gear (ocean jacket trap, sand crab pot or a sardine net), in which case a registered master can be endorsed on that licence for the purpose of operating that gear type only

The owner operator policy is effective at limiting effort as it restricts the operation of the licence to the effort the individual licence holder is willing or capable of undertaking by preventing multiple masters being used and activating additional effort. The owner operator policy is acknowledged to also promote stewardship in the fishery and prevent large scale corporate ownership of licences in favour of a regional, locally owned fishery with family run businesses. In this way, the owner operator policy creates regional

social and economic benefits, whereby the wealth generated from the fishery remains in the hands of independent owner operators who generally live in regional communities.

It is noted that the owner operator arrangements do result in some lack of flexibility for licence holders to operate businesses. For example, for an older licence holder who is unable to fish as often as others, these rules prohibit use of that licence by a master resulting in a loss of economic opportunity. However, this also limits the effort in the fishery.

In the past, the idea of removing this policy has been met with opposition from some sectors of the MSF fishery, as more licences may become active which would mean more fishing competition.

The issue of the owner operator requirements needs to be carefully considered/explored as part of the review.

Leasing of fishery licences

The *Fisheries Management (Marine Scalefish Fisheries) Regulations 2006* recognise the holder of a licence. PIRSA understands there have been agreements made by individuals outside of the *Fisheries Management Act 2007*, which PIRSA Fisheries and Aquaculture is not privy to, in regards to the 'ownership' of licences. Some individuals may transfer a licence to another party (to be the holder of the licence) using a private lease-type contractual agreement that ensures the licence is transferred back to them at a later date. There is no formal recognition of licence 'leasing' in the fisheries legislation.

It is understood that the lessee pays a leasing payment to the 'real owner' of the licence as well as the licence fee to PIRSA. As this arrangement includes an additional cost, it is assumed that the licence is fished more intensively in order to meet costs and make a profit. In addition, leased licence operators are more likely to have a short-term investment interest in the fishery and as such may not exercise the same stewardship over the resource as a longer term licence holder. PIRSA has received many complaints about the impacts of leased licences from licence holders in the fishery, and is currently investigating the most appropriate way to address the issues raised by fishers regarding the leasing of MSF licences.

This practice, by some licence holders, results in a distortion to the management arrangements. This along with the amalgamation scheme transfer requirements (i.e. 'unamalgamated' licences with less than 24 points cannot be transferred without undergoing amalgamation) creates inequity between licence holders with amalgamated licences more easily transferred and in some cases leased.

Gear restrictions and transferability

All devices for commercial harvest, excluding rods, lines and hand lines, must be registered on a licence. No new gear can be endorsed on a licence except through the amalgamation scheme where a licence holder can purchase an additional licence and combined gear endorsed on both licences.

The restrictions on the transferability and endorsement of new gear is an effort control. It is noted that providing some flexibility in allowing gear modifications, transferability and increasing gear may be positive for individual businesses, however on a whole of fishery scale it could have an impact on activating unsustainable effort across the fishery.

Currently a gear review is being undertaken for the MSF to clarify and refine gear definitions and specifications (in regulations and licence conditions) and ensure they are consistent and enforceable. The review will also consider rationalising gear endorsed on licences and consider further policies relevant to gear. This review will inform consideration of options for relevant management arrangements for the MSF.

Proposals for discussion

The following section explores some possible management changes/options which require further discussion within the fishery and community. The aim of the proposed options are to improve the long-term management, sustainability and profitability of the fishery, and in doing so, improve community support for its contribution to the South Australian community and economy.

The proposals are intertwined, like many things in the MSF. A phased approach for proposals to be adopted could be developed.

The refinement of proposals will need to take account of the current shares allocated between fishing sectors and maintain the shares in accordance with requirements of the *Fisheries Management Act 2007*, Management Plans and the allocation policy.

1. Removal of licences

The purpose of reducing licence numbers would be to address excessive active and latent effort in the fishery to improve the sustainability and economic performance in the fishery.

The objectives of an industry-led voluntary structural adjustment program could be as follows, to:

- a. provide for ongoing resource sustainability, and where necessary the rebuilding, of fish stocks
- b. enable the long-term economic viability of the commercial fishing sector
- c. enable voluntarily reduction in the number of licences
- d. ensure the ongoing supply of premium SA marine scale fish seafood to consumers.

If everyone fished, with the current stock status and access arrangements, there would be too much effort, which would have a negative impact on stock sustainability and economic performance. Excessive effort in the MSF is acknowledged as a significant issue for long-term sustainable management. While the amalgamation scheme has successfully removed many licences, the rate of amalgamations has now slowed suggesting the scheme has reached an end. It is also acknowledged that the amalgamation scheme has not fully addressed the issue of latent effort.

An industry-led voluntary structural adjustment scheme could address the current issue of excess latent and active effort in the fishery and the flagging licence amalgamation scheme. Developing such a scheme would involve exploring all available ways to raise the necessary funds. For example, an industry levy could be raised, a contribution from Government could be explored (either via an upfront grant and/or loan facility with subsidised interest rates) and possibly other regional bodies.

Any voluntary structural adjustment scheme should prioritise areas of the fishery that require priority attention to ensure they are addressed first. Such priorities would need to be developed in close consultation between industry and Government. A licence reduction target should be established in consultation with industry. The reduction in licence numbers would need to be undertaken in conjunction with a refinement to the management system.

A structural adjustment scheme would help to ensure that the commercial fishery can become viable into the future, i.e. individual commercial fishers can be sustainable, profitable and continue to contribute to regional communities and regional employment. Note that in the longer term, management arrangements for the fishery will need to incorporate an autonomous adjustment program to ensure there is no longer any call on Government funds. The main benefits of an industry-led structural adjustment program are:

- Increased certainty. Structural adjustment would provide stability and certainty for the commercial sector by reducing the number of operators. This would help reduce the risk of rent dissipation through latent effort activation when profits are good, and improved economic performance in the fishery.

- Increased profitability. Reducing the number of fishers in the fishery would decrease the number of fishers sharing in the fisheries total returns and increase individual fishing business profitability.
- Cost effective management. The resulting restructured, simplified, more profitable and compliant (with regulations) fisheries would reduce the cost burden of fisheries management on the community and industry. A smaller number of operators committed to long-term economic viability of their businesses would increase stewardship and reduce compliance costs i.e. there will be a greater incentive to 'do the right thing' (or report those that are non-compliant) and protect increasingly valuable assets.
- Promote biological sustainability. Structural adjustment would provide further protection to fish stocks by enabling more direct control on fishing activities, noting the associated need to remove the threat of potential damage to sustainable and viable fisheries by the activation of latent fishing effort.

A structural adjustment program in isolation would not address issues of increased fishing pressure on individual species, or areas leading to localised/species specific over fishing. Other options are presented below for consideration. Exploration of options in the net fishery could be used as a pilot for broader structural adjustment, and also have the potential to provide immediate relief ecological, economic and social pressures.

2. Rationalise access to specific species through improved management measures, e.g. quota or allocated access to permitted species or zoning arrangements

The objectives of rationalising access to specific species through improved management measures are to:

- a) provide increased certainty to access of species and areas;
- b) encourage investment/development of underdeveloped species; and
- c) minimise shifting of effort.

Providing some form of allocated access to the 60+ permitted species is an alternative to the relatively open access by all licence holders to all species.

Output controls such as individual transferable quota for key species is an option to address sustainability concerns. Introduction of individual transferable quota for key species (or multiple species) would also facilitate ongoing autonomous adjustment of the fishery. Alternatively effort days could be used rather than quota.

Regionalisation of access is an option to address localised fishing pressures and ensure that benefits of the fishery to coastal communities that depend on them are maintained.

This option could include zoning of areas and providing limited licences with access to the zones, rather than the current state-wide access, i.e. Gulf St Vincent, West Coast etc. Zoning would also need to take account of species stock boundaries (where known) to assist in the management of fish stocks.

Rationalising access to the fishery would require an allocation process for access (to either species, quota, zones etc).

The main benefits of rationalising access to specific species through improved management measures are:

- sustainable limits for key species (and other species where needed) to ensure sustainability;
- allocated access providing certainty for access to species for business development and investment;
- opportunity for boundaries to better reflect stock or regional boundaries;
- greater opportunity for the development of underutilised species -those that invest in developing the underdeveloped species would have greater access to the rewards if the fishery develops; and
- shifting effort away from the key species by development of secondary species.

Further discussion on this option will need to address what this access would look like. Should there be clear support for quota as a future management mechanism in the Marine Scalefish Fishery, an appropriate qualifying period would need to be determined for quota allocation purposes, which would precede the date of circulation of this discussion paper.

3. Implement regulatory reform to rationalise and simplify management arrangements in the fishery

Concurrent with an adjustment process, remove any redundant rules and regulations to promote efficient management and industry operation, within a sustainable framework.

The objectives of regulatory reform are:

- a) to promote efficient management and industry operation;
- b) more flexibility for operators within their own fishing businesses to maximise returns;
- c) easier to follow rules, reducing complexity; and
- d) realigning the rules given adjustment in the fishery and changes to the risk profile in the fishery.

The main benefits of regulatory reform are:

- flexibility within businesses for increasing efficiencies; and
- increasing voluntary compliance with simplified rules.

Regulatory reform is dependent on the management framework that is developed.

4. Other Options

There may be other options which are not contemplated in this paper but are worthy of consideration. Any other viable options identified by stakeholders will be welcomed and considered.

Conclusion

The changes proposed in this strategic review discussion paper require input from the commercial sector on how practical management regimes, accompanied by an agreed program to adjust fishing capacity, may be developed and implemented for the South Australian commercial MSF. This will require leadership from the MFA and strong industry involvement, support and confidence in the strategic review. It will therefore need to be accompanied by a sound extension and communication strategy agreed between PIRSA and the MFA.

Any structural adjustment program will need to include funding options which take account of the social and economic characteristics/attributes of those involved in the commercial fishery, operational characteristics, data availability/quality/type of information, and the level of fisheries management required.

Attachment 1: Permitted species in the MSF

Permitted Species	Common Name (Scientific Name)
Annelids	Beachworm (Class Polychaeta) Bloodworm (Class Polychaeta) Tubeworm (Class Polychaeta)
Crustaceans	Giant Crab (<i>Pseudocarcinus gigas</i>) Velvet Crab (<i>Nectocarcinus tuberculosus</i>)
Molluscs	Southern Calamary (<i>Sepioteuthis australis</i>) Cockle (<i>Anadara</i> & <i>Katelysia</i> spp.) Cuttlefish (<i>Sepia</i> spp.) Mussel (<i>Mytilus</i> spp.) Octopus (<i>Octopus</i> spp.) Oyster (Family Ostreidae) Scallop (Family Pectinidae) Gould's Squid (<i>Notodarus gouldii</i>)
Scalefish	Australian Anchovy (<i>Engraulis australis</i>) Barracouta (<i>Thyrsites atun</i>) Black Bream (<i>Acanthopagrus butcheri</i>) Cod (marine species) (Family Moridae) Dory (Family Zeidae) Flathead (Family Platycephalidae) Flounder (Family Bothidae or Pleuronectidae) Southern Garfish (<i>Hyporhamphus melanochir</i>) Bluespotted Goatfish (<i>Upeneichthys vlamingii</i>) Australian Herring (<i>Arripis georgianus</i>) Leatherjacket (Family Monacanthidae) Pink Ling (<i>Genypterus blacodes</i>) Blue Mackerel (<i>Scomber australasicus</i>) Common Jack Mackerel (<i>Trachurus declivis</i>) Morwong (Family Cheilodactylidae) Mullet of all species (Family Mugilidae) Mulloway (<i>Argyrosomus hololepidotus</i>) Redfish (<i>Centroberyx affinis</i>) Bight Redfish (<i>Centroberyx gerrardi</i>) West Australian Salmon (<i>Arripis truttaceus</i>) Australian Sardine (<i>Sardinops sagax</i>) Snapper (<i>Pagrus auratus</i>) Snook (<i>Sphyraena novaehollandiae</i>) Southern Sole (<i>Aseraggodes haackeanus</i>) Sea Sweep (<i>Scorpius aequipinnis</i>) Swallowtail (<i>Centroberyx lineatus</i>) Blue-eye Trevalla (<i>Hyperoglyphe antarctica</i>) Trevally (<i>Caranginae</i> spp.) (should be Fam Carangidae) Whiting (Family Sillaginidae) Bluethroat Wrasse (<i>Notolabrus tetricus</i>)
Sharks	Rays of all species (Class Elasmobranchii) Shark of all species (Class Elasmobranchii) other than White Shark (<i>Carcharodon carcharias</i>) Skate of all species (Class Elasmobranchii)

APPENDIX 2



FISHERIES & AQUACULTURE

Level 14
25 Grenfell Street
Adelaide SA 5000
GPO Box 1625
Adelaide SA 5001
DX 210
Tel (08) 8226 0900
Fax (08) 8226 0330
www.pir.sa.gov.au

Name
Company
Address
Suburb SA Postcode

17 June 2016

Dear Licence Holder

I write to provide you with a copy of the *SA Marine Scalefish Fishery Strategic Review Proposals – Discussion Paper* (Discussion Paper). The Discussion Paper is a result of over 18 months of work by the SA Marine Scalefish Fishery Strategic Review Working Group (Working Group).

The options in the attached paper are designed to generate informed industry discussion and innovative forward thinking to improve the future management of the fishery. It is important to note that PIRSA does not have pre-conceived views about the outcomes of this review process and seeks to hear from industry on the most suitable future management options for the fishery.

The Working Group was constituted at the request of the Marine Fishers Association (MFA) and membership comprises an independent Chair, Mr Richard Stevens OAM, and representatives from the MFA, Primary Industries and Regions SA (PIRSA), South Australian Research and Development Institute and an independent economic expert. The Discussion Paper details several options developed by the Working Group for industry consideration, to improve the long-term management of the Marine Scalefish Fishery.

Your feedback is sought on the proposals detailed in the Discussion Paper. Please find enclosed a Feedback Form to enable you to provide comments and to suggest other possible options for future management of the fishery. Please note that any comments you provide through the Feedback Form will be made publically available, to ensure transparency through the process. The consultation period on the Discussion Paper will close at 5pm on Monday, 15 August 2016.

To assist licence holders in understanding the proposals contained in the Discussion Paper the Working Group will host the following meetings:

- Wallaroo – 5 July 2016, Wallaroo Marina, Coopers Ale House, 11 Heritage Drive, Wallaroo from 2.00pm – 5.00pm
- Yorketown – 6 July 2016, Yorketown Town Hall, Supper Room, Edithburg Road Yorketown from 11.00am – 2.00pm
- Wirrina Cove – 2 August 2016, Wirrina Cove Resort, Lot 1, Paradise Drive, Wirrina Cove from 11.30am – 2.30pm

- Port Lincoln – 4 August 2016, Lincoln Marine Science Centre, 1 Hindmarsh Street, Port Lincoln from 1.00pm to 4.00pm
- Ceduna – 9 August 2016, The Ceduna Foreshore Hotel Motel, 32 O'Loughlin Terrace Ceduna from 2.00pm – 5.00pm

To register your attendance at any of the above meetings please contact Ms Kylie Leppa, Project Officer, PIRSA, via email: MSF.review@sa.gov.au or telephone (08) 8226 0995.

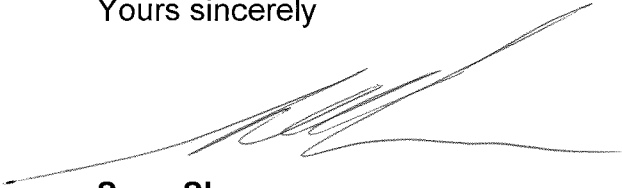
Should you wish to enquire further about the Discussion Paper you may wish to contact:

- Mr Nathan Bicknell, Executive Officer, Marine Fishers Association
Telephone: 08 87221 1961 Mobile: 0407 551 826
- Mr Keith Rowling, Program Leader, Community Based Fisheries, PIRSA
Telephone: 08 8429 0513 Mobile: 0437 675 573

If you would like to provide a written comment separately to Mr Richard Stevens OAM, Independent Chair, Marine Scalefish Fishery Strategic Review Working Group, please email r.p.stevens@bigpond.com.

At the close of the consultation period the Working Group will consider the feedback received.

Yours sincerely



Sean Sloan
DIRECTOR
FISHERIES AND AQUACULTURE POLICY

Enc.
SA Marine Scalefish Fishery Strategic Review Proposals – Discussion Paper
Feedback Form

APPENDIX 3

14th June 2016

Dear MSF Licence Holder,

At the request of the Marine Fishers Association (MFA), the then Fisheries Council of South Australia established the **Marine Scalefish Fishery Strategic Review Working Group (SRWG)** to provide advice to both government and industry as to how the key challenges of the MSF might be resolved.

DRAFT DISCUSSION PAPER

PIRSA is sending out a Notice to Fishers accompanied by a Draft Discussion Paper entitled "SA Marine Scalefish Fishery Strategic Review Proposals" dated May 2016 and a Feedback Form. The Working Group now needs your knowledge and experience to comment on these proposals or provide alternatives.

Please take the time to read the package of information distributed by PIRSA carefully and then respond to their questionnaire. Port meetings will be held in early August 2016 to give you an overview of the fishery and an opportunity to provide your views and discuss the future of the Marine Scale Fishery.

You views are critically important and valued. We encourage you to participate to ensure industry put our best foot forward.

WHAT THE MFA SEES AS OUR KEY CHALLENGE

Too many fishers and not enough fish (overcapacity) - This is an immediate concern and the root of ongoing restrictions, if only red tape caught fish. Immediate steps must be taken to reduce numbers (where needed) to improve our short and long term economic viability.

Rationalisation (reducing numbers) - Industry must continue take the lead for this process to ensure we deliver an effective, efficient and equitable process. With an average age of 60+, the MFA will also be actively seeking a range of government assistance to promote business transition.

The MFA have sort assurances that the wider community will not lose any more access to local seafood as a result of this process

Management Reform - The current management framework is not working and something has to change. Simply reducing the numbers alone does not ensure industry viability, if the benefits continue to be taken up by others. Therefore, any further reductions must also be accompanied by management reforms. Reforms that promote the business certainty and flexibility required to meet the opportunities of growing demand for local seafood.

The MFA have not taken a position on reform options, we will be guided by your feedback and our own internal processes.

Regards



Wayne Cornish JP | Independent Chair
Marine Fishers Association Inc.

Marine Fishers Association Inc. (MFA)

Fishing Industry House, Po Box 2099 DC Port Adelaide, South Australia 5015
P: 7221 1961 E: mfa.nathan@yahoo.com.au

APPENDIX 4

Feedback Form

SA Marine Scalefish Fishery Strategic Review Proposals – Discussion Paper

Submissions should be addressed to:
SA Marine Scalefish Fishery Strategic Review
PIRSA Fisheries and Aquaculture
GPO Box 1625
Adelaide SA 5001
Email: MSF.review@sa.gov.au

FISHERIES
& AQUACULTURE
PIRSA

Note: All submissions will be made publically available to ensure transparency in the process and will be considered by the Marine Scalefish Fishery Strategic Working Group. Some questions in this survey may be repeated in the Marine Fishers Association (MFA) survey for the FRDC project.

Name:

Address:

Postcode

Email:

Commercial Fishing Licence number

Licence type:

- ☐ Marine Scalefish Fishery (net and line)
- ☐ Marine Scalefish Fishery - Net
- ☐ Marine Scalefish Fishery - Line
- ☐ Restricted Marine Scalefish Fishery
- ☐ Marine Scalefish Fishery - Amalgamated
- ☐ Northern Zone Rock Lobster Fishery ☐ Southern Zone Rock Lobster Fishery

Age:

- ☐ 15-29
- ☐ 30-44
- ☐ 45-59
- ☐ 60+

Where do you generally fish?

- | | |
|--|---|
| <input type="checkbox"/> West Coast | <input type="checkbox"/> South East |
| <input type="checkbox"/> Spencer Gulf | <input type="checkbox"/> KI/Fleurieu |
| <input type="checkbox"/> Gulf St Vincent | <input type="checkbox"/> Other (Where?) |

PREMIUM
FOOD AND WINE FROM OUR
CLEAN
ENVIRONMENT

Please provide your comments on the main areas of the discussion paper as they relate to the Marine Scalefish Fishery as set out below. Feel free to attach additional pages if required.

1. What is your view of the sustainability of key target species in the areas that you fish?

See Page 6 of discussion paper

2. Is there too much effort in the fishery? If so, why?

See Page 7 of discussion paper

3. What do you think is the right number of licences to be active in your fishing area?

See Page 7 of discussion paper

4. What is your experience of effort shifting into or out of your local fishing area/s? Do you shift your effort?

See Page 7 of discussion paper

5. Is your Marine Scalefish business profitable and/or covering costs?

See Page 8 of
discussion paper

6. What do you think about the licence amalgamation scheme?

See Page 8 of
discussion paper

7. If the amalgamation scheme remained in place or was changed, do you have any suggestions on how it could be improved?

See Page 8 of
discussion paper

8. If the licence amalgamation scheme were to be replaced with something else, what other arrangements could be implemented to reduce licence numbers?

See Page 8 of
discussion paper

9. What do you think about the existing owner/operator requirements?

See Page 9 of
discussion paper

10. If owner/operator requirements were removed, what alternative arrangements could be implemented to replace this effort control measure?

See Page 9 of
discussion paper

11. What do you think about **licence 'leasing' in the fishery?**

See Page 10 of
discussion paper

12. What are the most important issues that need to be taken into account regarding gear restrictions and gear transferability in the fishery?

See Page 10 of
discussion paper

13. Do you like any of the proposals identified in the paper that aim to reduce licence numbers in the fishery by removing licences through a voluntary structural adjustment scheme (e.g. industry levy, Government grant/loan), and why?

See Page 11 of discussion paper

14. If a voluntary structural adjustment scheme were to be implemented in the fishery – what areas should it be focused on (e.g. reduce numbers in regions/areas, reduce numbers with particular gear types)?

See Page 11 of discussion paper

15. If there were fewer licences in the fishery, do you like any of the options to rationalise access to species or areas through management measures such as quota management or zoning, and why?

See Page 12 of discussion paper

16. Do you have any suggestions on other ways to rationalise access to species or areas in the fishery that would increase access certainty, encourage investment in under-developed species or minimise shifting of effort?

See Page 12 of discussion paper

See Page 13 of
discussion paper

See Page 13 of
discussion paper

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APPENDIX 5

MARINE SCALEFISH STRATEGIC REVIEW

Summary of comments from port meetings with industry:

WALLAROO – 5 July 2016 - (Representatives from: Upper Spencer Gulf, Northern Gulf St. Vincent)

- Environmental factors and health of the area also contributes to the sustainability of both gulfs
- The Marine Fishers Association suggests effort and licences should be purchased, fishers looking to exit the fishery must do so with dignity and reducing the licences must make a difference
- Support for introduction of ITQ's
- Concerns were raised around maintaining the allocation and regulating it in the FMA 2007, Fishery Regulations and Management Plans
- Concerns regarding the recreational sector and their non-contribution to the resource.
- Suggestions a recreational fishing licence should be introduced
- Suggestions to incorporate a licence and a fee for specific recreational gear type e.g. dab nets
- Rationalisation of multi species gear types
- Current allocation of quota and closures for Snapper are not working
- Industry recommended investigating the leasing of licences and enforcing to stop it from happening
- Many fishers shift their effort during the peak harvest season
- Strong support for ITQ's, zoning, trip limits and catch caps
- Build confidence by managing the resource within caps

YORKETOWN – 6 July 2016 - (Representatives from: Southern Gulf. St. Vincent and Lower Spencer Gulf)

- Many have had to shift effort due to increased recreational activity in their area and suggestions made for the Recreational sector to contribute to the resource
- Many fishers who attended the meeting mainly focused on fishing for King George Whiting
- Concerns were raised regarding the leasing of licences
- Quota was not supported for King George Whiting as it is a weather dependent fishery and requires further time for recovery
- Older fishers will look to exit the fishery through a buyout scheme if the amount offered is correct

WIRRINA COVE – 2 August 2016 - (Representatives from: Fleurieu Peninsula)

- It was recognised change is needed in the fishery and Industry want to see the change through a first step.

- Reasons for poor profitability include continuous increasing costs for licence holders.
- Some suggestions for a recreational fishing licence to support fisheries management i.e. contribution to a 'buy back'.
- Some suggestion that the Rock Lobster Fishery should only have access to the MSF fishery for bait purposes
- Concerns research is not accurate for the King George Whiting fishery, due to access and movement of licences
- The amalgamation scheme worked well for a short period
- Leasing of licences has had a major impact on the environment and caused economic issues. There should not be short term licence transfers
- There is no incentive to invest into products
- An exit strategy should be introduced for those without any historical catch
- It was agreed that there are too many licences in the fishery
- Many have had to shift effort due to increased/competing recreational activity in their area
- Suggestions were made for control of recreational fishing, removal of effort, exit strategies for old and new fisherman and output controls such as ITQ's.
- The removal of licences from the fishery should be fair and equitable

PORT LINCOLN – 4 August 2016 – (Representatives from: West Coast)

- Questions surrounding the recreational catch share and the accuracy of the surveys / information provided
- Rock Lobster latent effort – reducing relief days
- Removal of specialised fisheries with MSF access would increase certainty for licence holders
- Suggestion to separate Sardine, Blue Crab and Vongole from the Marine Scalefish Fishery
- A higher level of compliance is needed for the recreational sector and the recreational sector should be managed regarding their catch shares
- Consideration should be given to creating spatial management and regional controls
- Removing the opportunity to lease licences and suggestion that latent licences should not be able to lease their licences.
- Succession planning in the fishery. Providing information to new entrants and younger participants to build the future.
- To maintain profitability and equity within the fishery the review should aim to reduce licence numbers to 150-200 licences.
- It is important to target amalgamated licences for a buy back scheme
- Methods should be developed for effort allocation
- Possibility of including a time frame on single licences, providing them with a timeframe for when they are required to be wholly amalgamated e.g. 2-3 years
- Expanding opportunities for under utilised species e.g. secondary species

CEDUNA – 9 August 2016 – (Representatives from: West Coast)

- Support for a buyback scheme to target active effort instead of latent effort, if a licence holder would like to exit the fishery they are able to.
- Simplification of management and decrease in licence fees

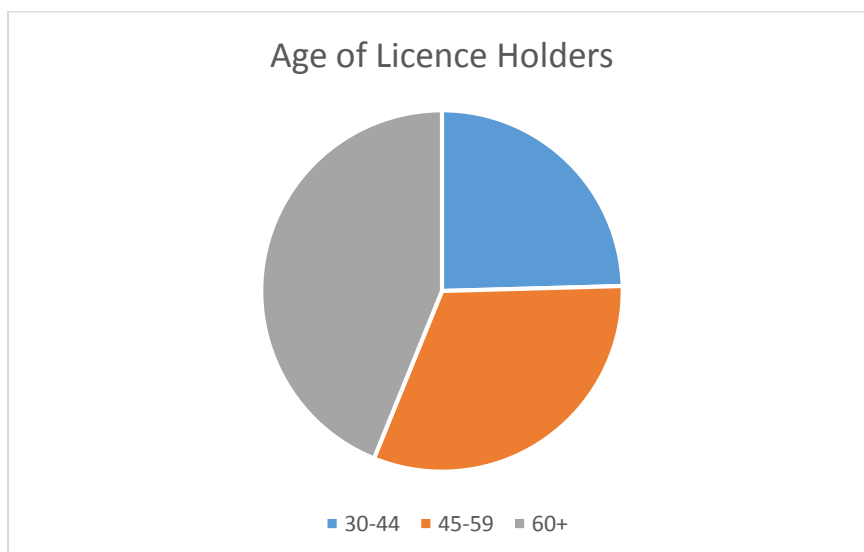
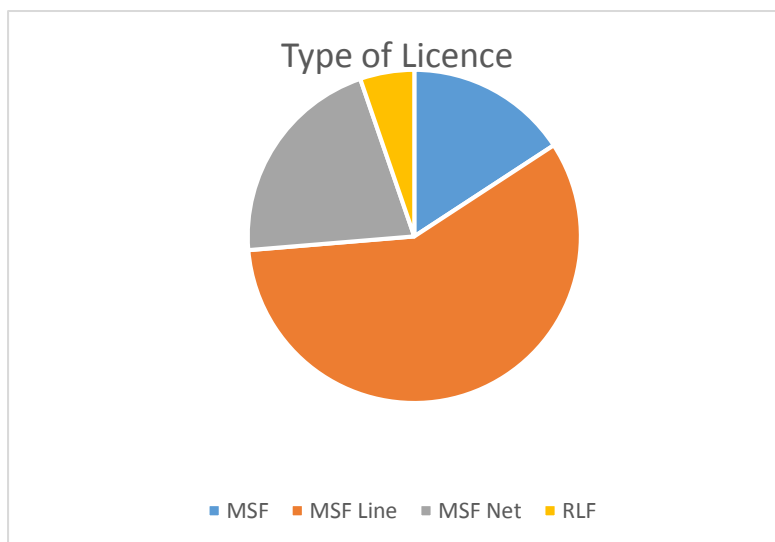
- Fishing is viable in the West Coast, current licence numbers are ok.
- Introduce a recreational fishing licence to alleviate effort and provide funds into additional research and compliance
- West Coast region should be included in any exit package
- Support for general concept of zoning
- Develop gear changes for each area as common management arrangements are not the answer.
- Removal of netting from the gulfs will support fish stocks
- Shark management arrangements need to be addressed in the west coast
- The cost of freight is an issue on the west coast
- Rock Lobster licence holders who wish to access Marine Scalefish should pay the full MSF fee.

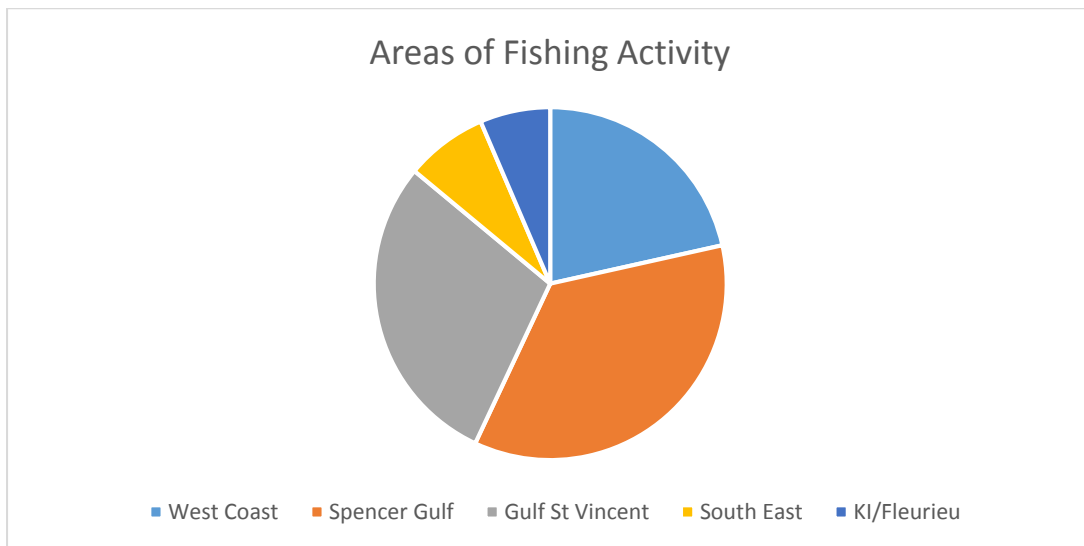
APPENDIX 6

Summary document to assist the MSF Strategic Review Working Group – Industry responses to the Marine Scalefish Fishery Strategic Review Discussion Paper

This purpose of this document is to provide a brief overview of and identify key issues raised by the 57 industry responses to the *SA Marine Scalefish Fishery Strategic Review Proposals: Discussion Paper*, to assist the work of the Marine Scalefish Fishery Strategic Review Working Group.

Total respondents - 57

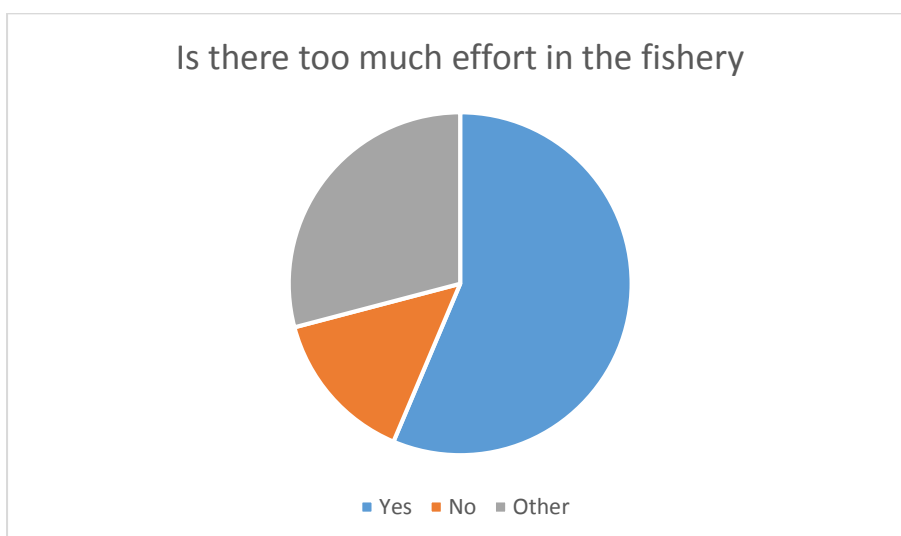




Q.1. What is your view of the sustainability of key target species in the areas that you fish?

- Concerns about the impact of and restrictions on recreational fishing, and compliance with rules
- General concern for Snapper and Garfish
- Mixed views on King George Whiting
- Southern Calamari generally viewed as sustainable but concerns for the future due to effort shifting on to this species
- Concerns from additional fishing pressure from leased licences
- Some general comments regarding all species being in decline
- Concerns about localised fishing pressure due to limited availability of fishing areas
- General dissatisfaction with existing management arrangements to ensure sustainability of the fishery

Q.2. Is there too much effort in the fishery? If so, Why?



- Concerns about localised fishing pressure due to limited availability of fishing areas and effort shifting

- Increased fishing pressure from holders of leased licences or those in financial debt/economic difficulty and poor market prices
- Difficulty maintaining catch rates of target species
- Concerns about overall effort in the fishery due to recreational fishing

Q.3. What do you think is the right number of licences to be active in your fishing area?

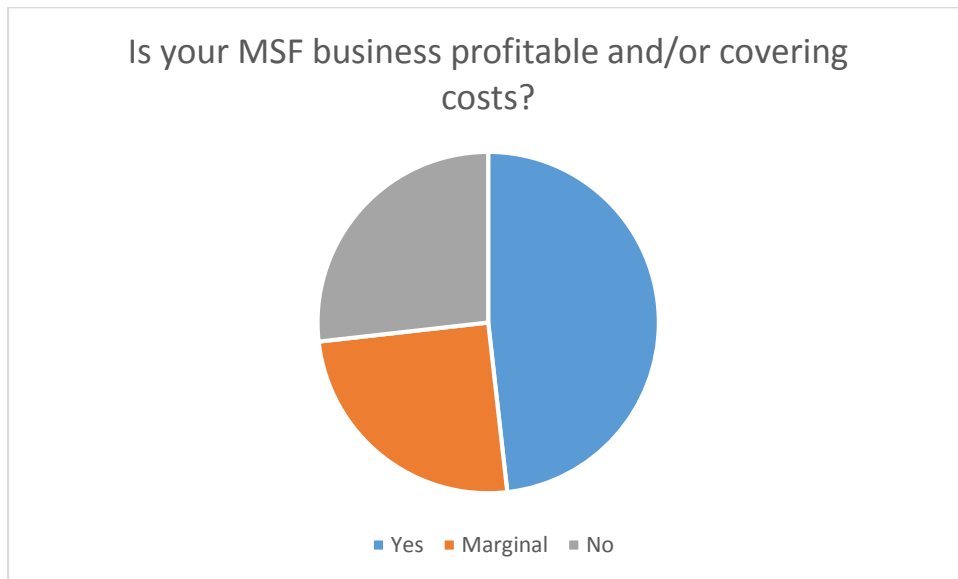
- Responses varied with the fishing areas of the respondents and individual answers need to be considered in the context
- Half the number of licences was raised by a few respondents, while individuals talked about smaller numbers in their area of activity
- Removal of specialised fishery access (rock lobster, sardine).

AREA	How many licences should be active in specific area? Raw Data
Gulf St. Vincent	Five licence holders indicated 2-3 licences, 3 net fishers, 10, 8 net licences, 7-10, 5-6 squid fishers
Fleurieu	5
Kangaroo Island	10
Spencer Gulf	3-4 in Pt Broughton, 8 in area, half the amount, current OK, 1-2
Spencer Gulf and Gulf St. Vincent Combined	50 in total in Gulfs, 30 nets and half the line fishers, 16 full time is too many, 50 in total, 5 in area, 7-10 in area, 1, 5
West Coast and Spencer Gulf	Half the licences, half of what there is, 10, half
West Coast and Gulf St. Vincent	16-20
West Coast	3-4 max in Elliston, ok in West Coast, 4 trap licences, 15 in Pt Lincoln, no more than current, 10 KGW, 5 Crab
State-wide	100 in total, 20-25 nets

Q.4. What is your experience of effort shifting into or out of your local fishing area/s? Do you shift your effort?

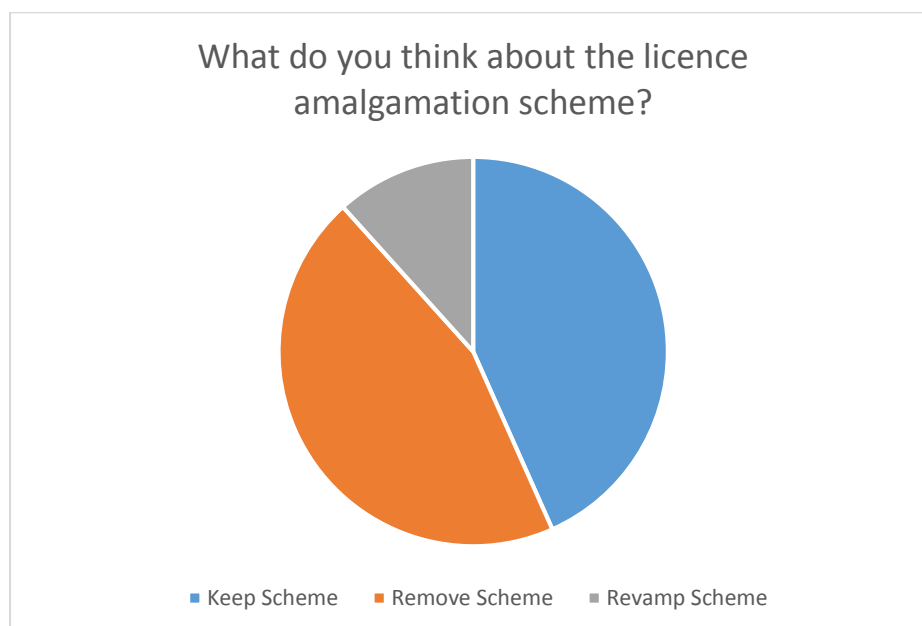
- Shifting effort was required to remain viable
- Finding available areas has gotten more difficult due to other fishers moving around as well
- Many have had to shift due to increased recreational activity in their area

Q.5. Is your MSF business profitable and or covering costs?



- General comments that profitability has declined over time
- Distinction between full time fishers reliant on fishing as a main source of income and other, part time fishers (for example: Semi retired or lifestyle fishers). Other employment required to supplement income in some cases.
- Reasons for poor profitability include:
 - Competition from other commercial and recreational fishers, including impacts from leased licences and effort shifting
 - Fishery management costs and other external costs
 - Impact of fishery closures and Marine Parks

Q.6. What do you think about the licence amalgamation scheme?



- Suggestions to remove the scheme and make all licences of equal value
- Restricted opportunities for sale of MSF licences
- Mixed feedback about the effectiveness of the scheme
- Promoted of leasing of licences which has increased fishing effort

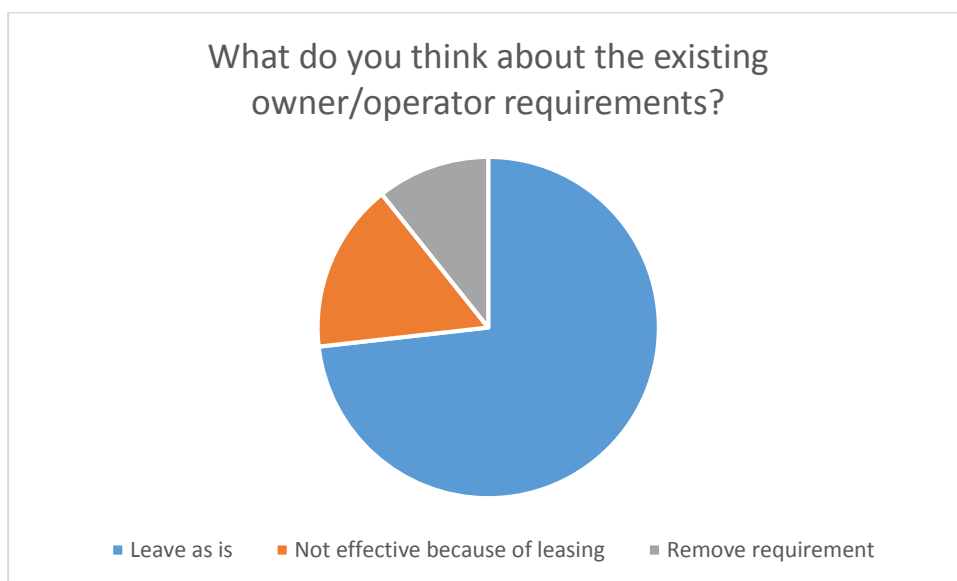
Q.7. If the amalgamation scheme remained in place or was changed, do you have any suggestions on how it could be improved?

- Suggestions for licence buy back to reduce licence numbers, funded by Government, commercial fishers and/or recreational fishers.
- Restart the scheme and make all licences equal value
- Amend the points scheme
- Simplify the scheme and make all licence transfers 2 for 1
- Remove MSF access from other commercial fisheries (RLF, LCF, Sardine and Vongole)
- Put a time limit on the scheme to expedite licence amalgamations
- Rationalise gear endorsements

Q.8. If the licence amalgamation scheme were to be replaced with something else, what other arrangements could be implemented to reduce licence numbers?

- Suggestions for licence buy back to reduce licence numbers, funded by Government, commercial fishers and/or recreational fishers, including a focus on removing licences with high catch/effort history.
- Introduce zoning arrangements and/or transferable catch or effort management systems

Q.9. What do you think about the existing owner /operator requirements?

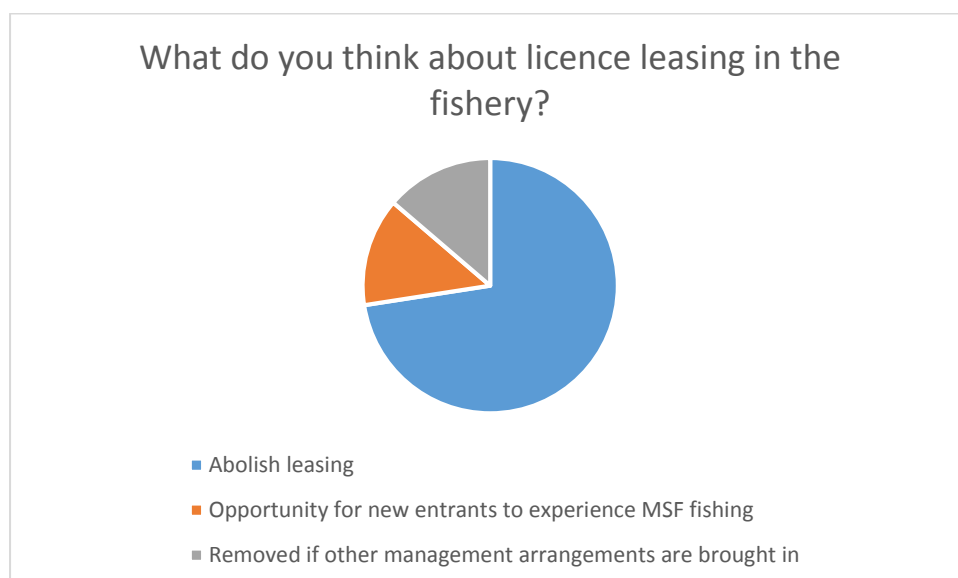


- Owner operator is currently necessary to control effort
- Leasing has eroded the integrity of the owner operator requirement
- Replacement master provisions are a positive to address individual requirements
- Some comments that the owner/operator arrangements are inflexible, restrictive and limit fishery development, and have been applied inconsistently to fisheries with access to the MSF

Q.10. If owner/operator requirements were removed, what alternative arrangements could be implemented to replace this effort control measure?

- Significant concern about removal of the owner/operator requirements
- Introduce zoning arrangements and/or transferable catch or effort management systems
- Suggestions for licence buy back to reduce licence numbers

Q.11. What do you think about licence 'leasing' in the fishery?

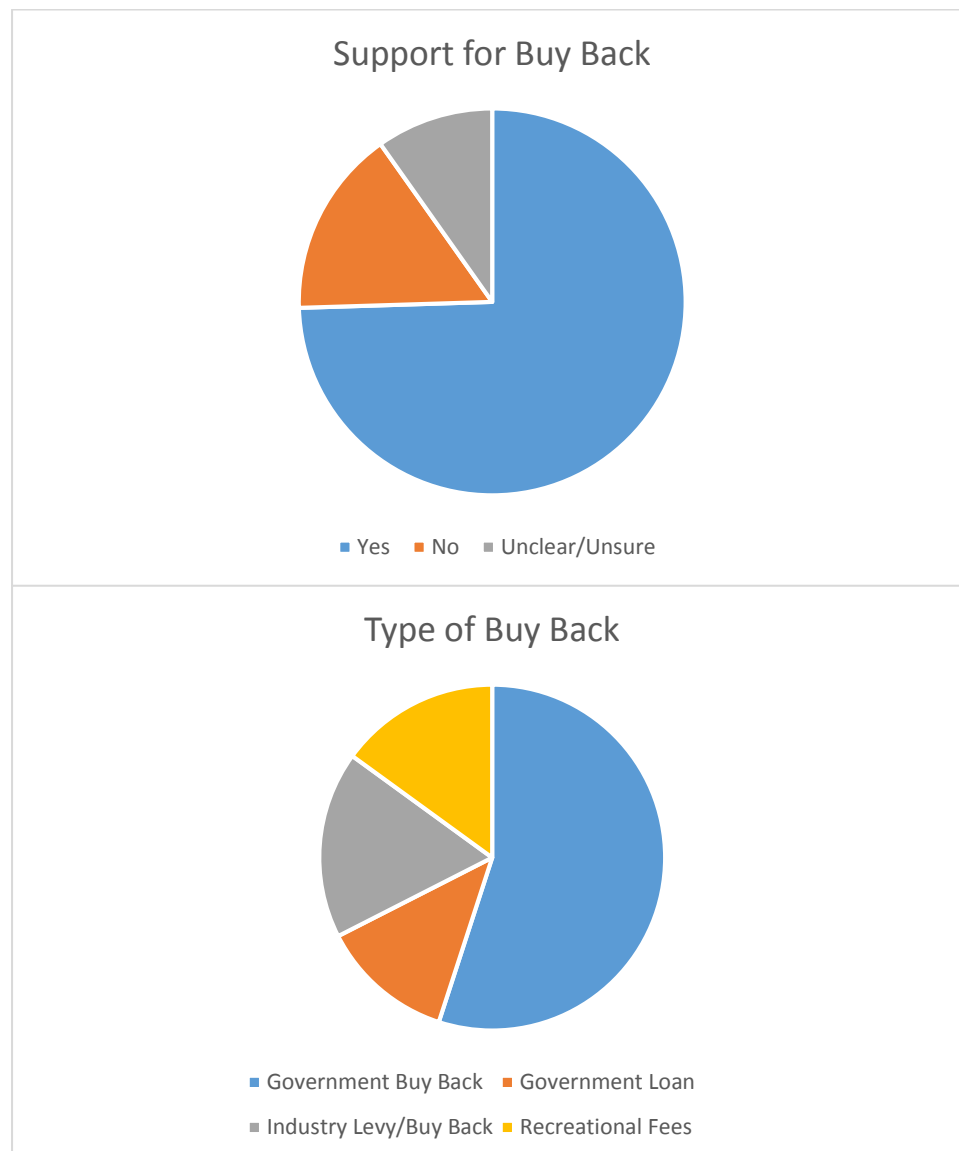


- Short term outlook regarding fishery involvement is a concern compared with long term stewardship of fishery resources, including compliance with management arrangements.
- There are concerns leasing has led to increased fishing pressure and negative impacts on sustainability
- Leasing provides an opportunity to facilitate new entrants into the fishery.
- Leasing allows the licence holder more flexibility to take time off from fishing activities.
- If management arrangements effectively controlled catch and or effort, leasing itself wouldn't be so problematic.

Q.12. What are the most important issues that need to be taken into account regarding gear restrictions and gear transferability in the fishery?

- Suggestions to standardise gear endorsements across the fishery and allow transferability, to ensure equity, sustainability and transparency.
- Excess gear currently endorsed on licences that cannot be used in the fishery and needs to be rationalised.
- Concerns that gear transferability would increase effort and cause unsustainable fishing.
- Allow transferability to increase efficiency and viability of individual licence holders
- Would not be an issue of concern if quota management arrangements were in place.

Q.13. Do you like any of the proposals identified in the paper that aim to reduce licence numbers in the fishery by removing licences through a voluntary structural adjustment scheme (e.g. industry levy, Government grant/loan) and why?



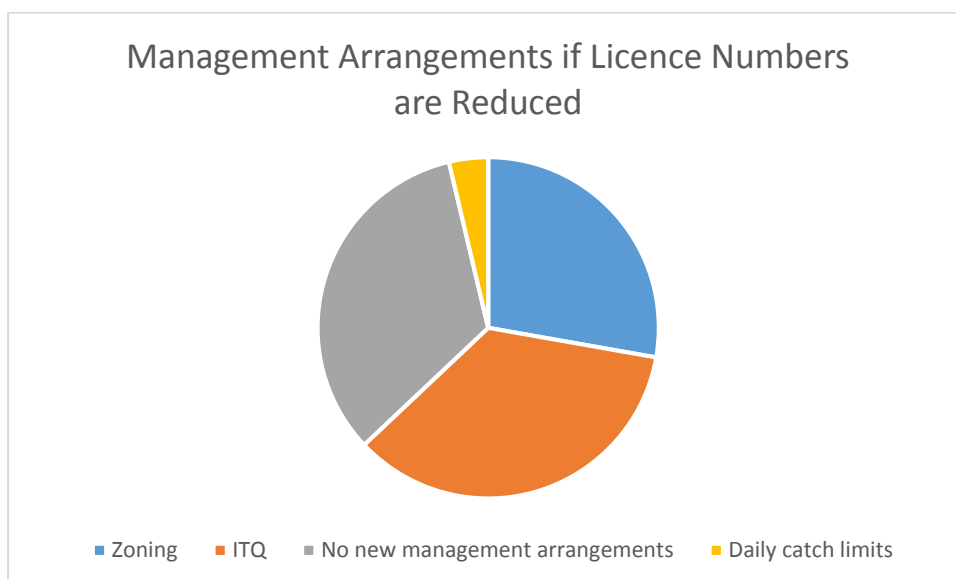
- Majority support for a Government funded buy back scheme.
- More certainty would be needed about improved fishing success and/or profits and less competition before some licence holders would support an industry funded adjustment scheme.
- Concerns about additional financial impacts on licence holders resulting from an industry funded scheme.
- Concerns for reduced availability for local seafood on the market, increased licence costs with fewer licences, and reallocation of fishery resources to the recreational sector eroding benefits of a scheme.
- Some suggestions for a scheme funded through combined efforts of Government, industry and recreational fishing sector.

Q.14. If a voluntary structural adjustment scheme were to be implemented in the fishery - what areas should it be focused on (e.g. reduce numbers in regions/areas. Reduce numbers with particular gear types)?

- Mixed feedback regarding the need to target particular areas and/or gear types.
- GSV was the most commonly identified area in need of structural adjustment.
- Suggestions to prioritise needs in the fishery to target structural adjustment, for example consider latent effort, environmental impacts, areas and gear types

Focus Area	No.
General or State-wide	19
Gulf St. Vincent	8 (incl. 3 GSV nets)
Spencer Gulf	5
Port Lincoln	1
Yorke Peninsula	1
West Coast	1
Net Licences	3
Line Licences	2
Rock Lobster	2

Q.15. If there were fewer licences in the fishery, do you like any of the options to rationalise access to species or areas through management measures such as quota management or zoning, and why?



- No further management arrangement would be needed if numbers were reduced as many of the issues would no longer be relevant
- Zoning would allow a reduced number of individual licence holders to operate without the concern of shifting effort into their area
- Once numbers are reduced the key species should have ITQ systems implemented to ensure sustainability and maximise economic returns

Q.16. Do you have any suggestions on other ways to rationalise access to species or areas in the fishery that would increase access certainty, encourage investment in under-developed species or minimise shifting of effort?

- Introducing a quota management system would encourage development and investment
- Red tape and a lack of investment is limiting the targeting and marketing underdeveloped fish species
- Removal of specialised fisheries with MSF access would increase certainty for licence holders

Q.17. How could the rules around fishing be made more flexible and efficient for you? E.g. simpler reporting?

- Introducing a quota management system would simplify management through the removal of trip limits, gear restrictions and other management
- Reduction in the number of individual rules to make fishing simpler
- Electronic reporting will make it simpler for some, without filling out multiple paper forms
- Focus should be on recreational data collection and compliance

Q.18. Do you have any other suggestions for improving the long-term management, sustainability and profitability of the fishery?

- Reduction in the number of licences will improve sustainability and profitability
- Introduction of a quota management system would improve sustainability and profitability
- Increase restrictions on recreational fishers, and make recreational fishers invest in the management of the resource and better data collection and surveys for the sector

Q.19. Additional Comments

- Support for a recreational or Government funded buy back to reduce licence numbers.
- Rock Lobster fisherman should only be able to catch MSF species for bait purposes and/or brought into line with MSF rules
- Support for ITQ
- It was recognised a change is needed in the fishery, which is long overdue.
- Resource access, areas loss (Marine Parks) and effort increase is a concern. A strategy could be included to review the effectiveness of Marine Parks
- Poor research for recreational catch. Questions whether interstate fishers have been accounted for.
- Increased recreational fishing effort is a concern and recreational fishing is unsustainable in its current form. Support for more compliance officers to control the recreational sector.
- Research should be undertaken on the impact of climate change.
- Leasing of licences is a major issue among the fishery and there is support to stop it.
- Change the size limit to 31cm for King George Whiting across the State
- Introduce a closure for the King George Whiting fishery, similar to Snapper