

PIRSA

Information for fishers on the calculation of indicative individual transferable quota (ITQ) entitlements for priority species in the Marine Scalefish Fishery

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Aim

This document explains how the number of individual transferable quota (ITQ) entitlements have been calculated to give individual licence holders an indication of their ITQ allocation as at 18 September 2020, based on the recommendations of the [Report of the Independent Allocation Advisory Panel \(IAAP\) on priority species in the Marine Scalefish Fishery](#) and the Total Allowable Commercial Catches (TACCs) for priority species recommended by the Snapper Management Advisory Committee and approved by the Minister for Primary Industries and Regional Development.

The aim is to help licence holders in the Marine Scalefish Fishery (MSF) and rock lobster fisheries with Option C understand the allocation formula recommended by the IAAP, and how their indicative ITQ entitlements have been calculated.

The indicative ITQ allocations to individual licence holders will change as more MSF licences are surrendered through the Voluntary Licence Surrender Program or if there is any change to the final allocation method adopted by the Minister.

Background

The IAAP on quota species in the MSF was established on 14 May 2020 and delivered its report on 31 July 2020. The IAAP was tasked to investigate and provide advice on an appropriate basis for the allocation of ITQ units for priority species (King George whiting, snapper, southern garfish and southern calamari) to individual licence holders in the MSF.

In developing their recommendations, the IAAP applied a number of guiding principles and sought to ensure consistency with Government policies and legislation. Central to their deliberations was to give proper consideration to those who rely on the priority species for their livelihoods while giving due recognition of historical rights in the fishery.

The report of the IAAP was released for industry consultation as part of the [MSF Reform: Stage 2 Information package](#) in August 2020. Feedback provided will be made available to the IAAP and the Minister.

The indicative ITQ allocations have been calculated to reflect the 268 licences remaining in the MSF and 208 rock lobster fishery licences with Option C as at 18 September 2020.

Eligibility criteria

The IAAP recommended that all holders of an authority (licence) to take marine scalefish species for the purposes of trade or business in South Australia (excluding the taking of marine scalefish species for bait) should be eligible for the purposes of ITQ allocation. For the purposes of providing indicative ITQs to existing licences, all licence holders remaining in the fisheries at 18 September 2020 are deemed to be eligible.

Indicative individual transferable quota (ITQ) allocation to Marine Scalefish Fishery licences

The IAAP recommended that two criteria should be included in any ITQ allocation formula for the MSF:

- Licence holding (base allocation or base share); and
- Catch history.

Licence holding (base share allocation)

The IAAP considered that holding a licence in the MSF has a value, which should be recognised in the form of a base allocation of ITQs.

The IAAP considered that for equity and consistency, the base share allocation should reflect the differences in licence valuation arising from the transferability of the licence and whether line or net endorsements are held. It recommended that the relative market values of licences from the September 2019 BDO report [Licences in the MSF: Valuations Report](#) should be used to determine the base allocation by licence type; that is, whether it is a net or line licence.

The IAAP also recommended that a proportion of the TACC should be allocated to all eligible MSF licences state-wide as a base allocation and that each licence holding category should receive a proportion of this allocation based on the relative value of their licences, where:

Amalgamated net = x

Amalgamated line = y

Un-amalgamated net = $x \div 2$

Un-amalgamated line = $y \div 2$

This means the base share allocation for an un-amalgamated net licence would be half the base share allocation of an amalgamated net licence; and the base share allocation for an un-amalgamated line licence would be half the base share allocation of an amalgamated line licence.

For the purposes of the indicative ITQ allocation, the base share allocation has been determined as follows:

Relative base share allocations

	(a) Licence market price (BDO report p17) FY18	(b) Number of licences	Total value of all licences (a) x (b)	(d) Proportion of base allocation per licence (a) ÷ (c)
Amalgamated net	\$ 180,000	21	\$ 3,780,000	0.550 %
Amalgamated line	\$ 140,000	159	\$ 22,260,000	0.428 %
Un-amalgamated net	\$ 90,000 (i.e. \$180,000 ÷ 2)	26	\$ 2,340,000	0.275 %
Un-amalgamated line	\$ 70,000 (i.e. \$140,000 ÷ 2)	62	\$ 4,340,000	0.214 %
TOTAL VALUE			(c) \$ 32,720,000	

Table 1: Licence details on page 1 of your indicative ITQ allocation reflects the licence type and corresponding proportion of base share allocation consistent with the table above. This base share will be applied to the calculations of your ITQs for each priority species in each zone of the fishery.

Catch history allocation

The IAAP considered that it was important to recognise a licence holder's level of fishing activity and to minimise any changes in the relative economic position of eligible participants (or to avoid redistributing the wealth in the fishery) by including the catch history of the licence holder as part of the allocation of ITQs for priority species.

The IAAP recommended that the period of six years (1 July 2010 to 30 June 2016) is an appropriate reference period for the purposes of a catch history allocation and that the highest five years' catch from this 6 year period should be used to calculate individual licence holders eligible catch history.

Table 2: Catch history summary of your indicative ITQ allocation shows your catch history for each quota species in each zone for every year of the six financial years during the catch history reference period between 1 July 2010 and 30 June 2016. This information is sourced from SARDI's commercial Marine Scalefish Fisheries Information System, which holds logbook data provided by licence holders in the MSF and rock lobster fisheries, in accordance with the requirements of the *Fisheries Management Act 2007*.

The 'eligible catch history (kg)' column is the sum total of your best five years' catch during the six year reference period. These are calculated individually for each species in each zone.

The 'total MSF eligible catch (kg)' column shows the collective total of every other eligible licence holder's best five years of catch during the reference period across the fishery.

The 'MSF catch share (%)' column shows your catch history as a proportion of the 'total MSF eligible catch' for each quota species in each zone. These 11 different MSF catch share allocations will be applied to the calculations of your ITQs for the corresponding species in each zone.

All considerations of licence holders' catch history have been applied in accordance with PIRSA's catch history policy (refer to Appendix A), which has been regularly and consistently communicated to licence holders.

Indicative ITQ allocations

The IAAP recommended that the catch history and base entitlements should be weighted on a ratio of 80:20. This means that 80% of all ITQs allocated for a species in a zone would come from licence holders' catch history shares with the remaining 20% coming from the base shares distributed across all licences in the fishery.

The indicative ITQ allocations to MSF licences for each priority species in each management zone have been made according to the following formula, in line with the IAAP's recommendations:

$$((0.8 \times \text{catch share}) + (0.2 \times \text{base share})) \times \text{Total Allowable Commercial Catch (TACC)} = \text{ITQ}$$

Please refer to Table 3: ITQ allocation summary of your indicative ITQ allocation. Please note, the catch share and base share in Table 3 are expressed as percentages (%). These numbers need to be divided by 100 to reveal your relative shares before undertaking the calculations.

Each licence holder's catch history share is multiplied by 0.8 to reduce the total fishery catch history allocation to 80% (see 'Catch history allocation (% of MSF TACC)' column).

Each licence holder's base share is multiplied by 0.2 to reduce the total fishery base share allocation to 20% (see '[Base share allocation \(% of MSF TACC\)](#)' column).

These two allocations are added together to give your indicative ITQ allocation as a proportion of the total allocation across the fishery (see '[ITQ \(% of MSF TACC\)](#)' column).

Finally, these proportional ITQ allocations are multiplied by the TACCs for each species in each zone '[MSF TACC \(kg\)](#)' (which have now been approved by the Minister). This gives your ITQ allocation in kilograms for each species in each zone – refer to the last column '[ITQ \(kg\)](#)'.

These ITQ allocations provide an indication of your quota entitlements according to the recommended allocation formula, and based on the number of licences remaining in the fishery on 18 September 2020. Please note these will change over time as more MSF licences are surrendered through the Voluntary Licence Surrender Program or if there is any change to the final allocation formula adopted by the Minister.

Indicative individual transferable quota (ITQ) allocation to rock lobster fishery licences

The IAAP recommended that ITQs for priority species should be allocated to Option C endorsed licence holders in the rock lobster fisheries on catch history only above a minimum catch of 50 kg using the same reference period as MSF licences.

The level of access to marine scalefish species by both the Southern Zone and Northern Zone Rock Lobster fisheries is dependent upon one of three options fixed by licence concession to each rock lobster licence.

- Option A: allows the take of incidental bycatch of permitted MSF species for the licence holder's own bait purposes.
- Option B: allows the take of permitted MSF species for the licence holder's own bait purposes only using a bait net or as incidental bycatch in pots.
- Option C: allows the take of permitted MSF species for trade and business.

In the Northern Zone Rock Lobster Fishery, there are two (2) licences with Option B, and 60 licences with Option C.

In the Southern Zone Rock Lobster Fishery, there are nine (9) licences with Option B and 148 licences with Option C.

Catch shares between sectors

The [Management Plan for the South Australian Commercial Marine Scalefish Fishery](#) specifies catch shares of the MSF allocated to each fishing sector, in accordance with the requirements of the *Fisheries Management Act 2007*. The rock lobster fisheries were included in this initial allocation process.

The catch shares were allocated at the state-wide level providing a single allocation for each of the sectors for each species allocated, including each commercial fishery within the overall commercial sector allocation as follows:

Allocated sector shares of priority species for the MSF (from the MSF management plan)

Species	Commercial		Recreational		Aboriginal traditional	Total
	MSF		REC			
King George Whiting	MSF	49.5%	REC	45.5%	1%	
	SZRL	0.0%	CHARTER	3.0%		
	NZRL	1.0%				
Total	50.5%		48.5%		1%	100%
Snapper	MSF	79%	REC	8%	1%	
	SZRL	1.45%	CHARTER	10%		
	NZRL	0.55%				
	LCF	0.03%				
Total	81%		18%		1%	100%
Southern Garfish	MSF	79.33	19.5		1%	
	SZRL	0.13				
	NZRL	0.04				
Total	79.5%		19.5%		1%	100%
Southern Calamari	MSF	56%	37.4		1%	
	NZRL	0.45%				
	GSVP	0.45%				
	SGP	4.6%				
	WCP	0.1%				
Total	61.6%		37.4%		1%	100%

Within the commercial sector, the relative allocated shares at the state-wide level are as follows:

	MSF	SZRLF	NZRLF	L&C	Prawn
King George whiting	98.0%	0.0%	2.0%	0.0%	0.0%
Snapper	97.5%	1.8%	0.7%	0.0%	0.0%
Southern garfish	99.8%	0.2%	0.1%	0.0%	0.0%
Southern calamari	90.9%	0.0%	0.7%	0.0%	8.4%

For the purposes of allocating ITQs for priority species in each zone of the MSF, the original data used to make the initial allocations in the MSF management plan were revisited and separated into the four proposed management zones for the MSF. This has provided the basis for indicative ITQ allocations to be calculated in each management zone between licence holders in the MSF, SZRLF and NZRLF as shown below.

For example, the commercial MSF has a state-wide sector allocation of 49.5% of the King George whiting. This represents 98.0% of what is allocated within the commercial fishing sector state-wide. This allocation has now been converted to a relative share in each MSF zone (see the table below) whereby the MSF share of the King George whiting fishery allocated to the commercial sectors is 97.2% in Gulf St Vincent / Kangaroo Island zone, 97.9% in Spencer Gulf zone, and 99.5% in the West Coast zone.

Similarly, while the SZRLF has an allocation of 1.45% of snapper state-wide, this represents 1.8% of the total commercial share and 20.8% of snapper in the South East zone.

The relative proportions of the zoned catch shares are consistent with the state-wide allocated shares in the MSF management plan.

Relative commercial sector allocation shares of priority species at a zone level (does not include Recreational and Aboriginal/Traditional allocations)

Zone	Species	MSF	SZRL	NZRL
GSV	King George Whiting	97.2%	0%	2.8%
	Snapper	99.3%	0%	0.7%
	Southern Calamari	100.0%	0%	0%
	Garfish	100.0%	0%	0%
SG	Garfish	99.9%	0%	0.1%
	King George Whiting	97.9%	0%	2.1%
	Snapper	99.6%	0%	0.4%
	Southern Calamari	98.2%	0%	1.8%
WC	King George Whiting	99.5%	0%	0.5%
	Snapper	99.2%	0%	0.8%
SE	Snapper	77.4%	20.8%	1.8%

Catch history allocation

The IAAP recommended that ITQs for priority species should be allocated to Option C endorsed licence holders in the rock lobster fisheries only, above a minimum catch of 50 kg. It also recommended that the period of six years (30 June 2010 to 30 June 2016) that applied to the MSF is an appropriate reference period for the purposes of a catch history allocation in the rock lobster fisheries. The highest five years' catch from this 6 year period should be used to calculate individual licence holders eligible catch history.

Table 2: Catch history summary of your indicative ITQ allocation shows your catch history for each quota species in the relevant zone for every year of the six financial years during the catch history reference period between 1 July 2010 and 30 June 2016. This information is sourced from SARDI's commercial Marine Scalefish Fisheries Information System, which holds logbook data provided by licence holders in the MSF and rock lobster fisheries, in accordance with the requirements of the *Fisheries Management Act 2007*.

The 'eligible catch history (kg)' column is the sum total of your best five years' catch during the six year reference period. These are calculated individually for each species in each zone. In the event this column shows less than the minimum required 50kg total catch history, you would not be allocated ITQs.

The 'total SZRL (or NZRLF) eligible catch (kg)' column shows the collective total of every other eligible licence holder's best five years of catch during the reference period across the fishery.

The 'SZRLF (or NZRLF) catch share (%)' column shows your catch history as a proportion of the 'total SZRLF (or NZRLF) eligible catch' for each quota species in the relevant zone. These catch share allocations will be applied to the calculations of your ITQs for the corresponding species in each relevant zone.

All considerations of licence holders' catch history have been applied in accordance with PIRSA's catch history policy (refer to Appendix A), which has been regularly and consistently communicated to licence holders.

Allocation to other fishery licences

The IAAP recommended that fisheries which did not target MSF priority species were unsuitable for ITQ allocation. The IAAP recommended that no ITQs should be allocated to the Spencer Gulf Prawn Fishery, the Gulf St Vincent Prawn Fishery, the West Coast Prawn Fishery and the Lakes and Coorong Fishery.

Next steps

The consultation on Stage 1 and Stage 2 information closed on 18 September 2020.

Feedback provided will be made available to the IAAP and the Minister.

Following careful consideration of industry feedback, the IAAP will finalise its report to the Minister and provide its final recommendations for the allocation of ITQs.

The Minister will then make decisions about the matters addressed in the Stage 1 and Stage 2 information released as part of the MSF reform consultation process with industry, including a decision on the method for allocating ITQs of priority species in the fishery.

The IAAP noted that a licence holder may wish to argue that by reason of certain events, such as illness, serious misfortune, administrative error, etc, their circumstances were exceptional and that except for such events, they would have been entitled to a higher allocation than they received. Once the Minister has decided the method for allocating ITQs of priority species in the MSF, an 'exceptional circumstances' process will commence to allow for these circumstances to be considered.

Proposals for the Voluntary Licence Surrender Program must be submitted by 13 November 2020, noting that the program will close earlier if the funds allocated for this purpose are exhausted before this time.

Support services available to industry

Family and Business Support (FaBS)

South Australian fishers, their families and businesses affected by the reform can access help through the Family and Business Support (FaBS) Mentors program. FaBS Mentors have experience and understanding in dealing with difficult issues. They provide an informal, independent and an understanding platform to fishers affected by the reform. FaBS will listen and help you find ways to manage your situation. They can help provide connections to services including: financial counselling; local health networks; emotional wellbeing and counselling services; government and non-government assistance; and community organisations and assistance.

If you or someone you know needs help connect with a FaBS Mentor for a free, confidential chat, please call:

- Helen Lamont: 0409 885 606
- Colleen White: 0409 388 649

Rural Financial Counselling Service

Rural financial counsellors are available to support fishing enterprises experiencing, or at risk of, financial hardship. They can help you understand your financial position and the viability of your enterprise and develop and implement plans to improve your financial situation. It is a free, confidential service that provides individual support to help you make decisions for your business.

As part of their service, rural financial counsellors can also help you to:

- identify your financial and business options
- negotiate with your lenders
- identify other assistance schemes

Rural financial counsellors can also refer you to other professional services, including accountants, agricultural advisors, education, or mental health services.

The program is delivered through Rural Business Support. You can contact Rural Business Support by calling 1800 836 211 (free call).

Contact

If you have any questions on your indicative ITQ allocation, please contact:

Email: MSF.Reform@sa.gov.au

Jon Presser
Manager Fisheries Reform
Phone: (08) 8429 0588

Alice Fistr
Manager Reform Programs
Phone: (08) 8429 3565

For more information visit www.pir.sa.gov.au/fishingreform

Disclaimer: The information in this paper is general in nature and should not be taken as professional advice. Before acting on any of this information, please consider its relevance to your personal situation and if appropriate, seek your own advice.

Appendix A: Catch history policy

Catch history is the amount of fish taken by a licence holder pursuant to a licence issued under the *Fisheries Management Act 2007*. In some fisheries, when management arrangements have changed, catch history has been used as one of the relevant criteria when allocating future access to specific aquatic resources. It is important to note that it is not policy in South Australia to recognise the transfer of catch history from one licence holder to another when a licence is sold or transferred.

Implicit in this policy is the assumption that catch history remains with the original licence holder. That person may have their catch history recognised when re-entering the fishery with a licence purchase, however:

- Catch history will only be recognised for species which can be legally taken pursuant to the new licence; and
- Catch history will only be recognised for years during which the person held the licence.

Any adjustment to fisheries management arrangements in a fishery where catch history is used for allocating future access will be undertaken according to specific criteria established in the circumstances. Nevertheless, it is the Department of Primary Industries and Regions policy that any such criteria will be consistent with the approach set out above.