

Structural Adjustment in Australia's South East Trawl Fishery

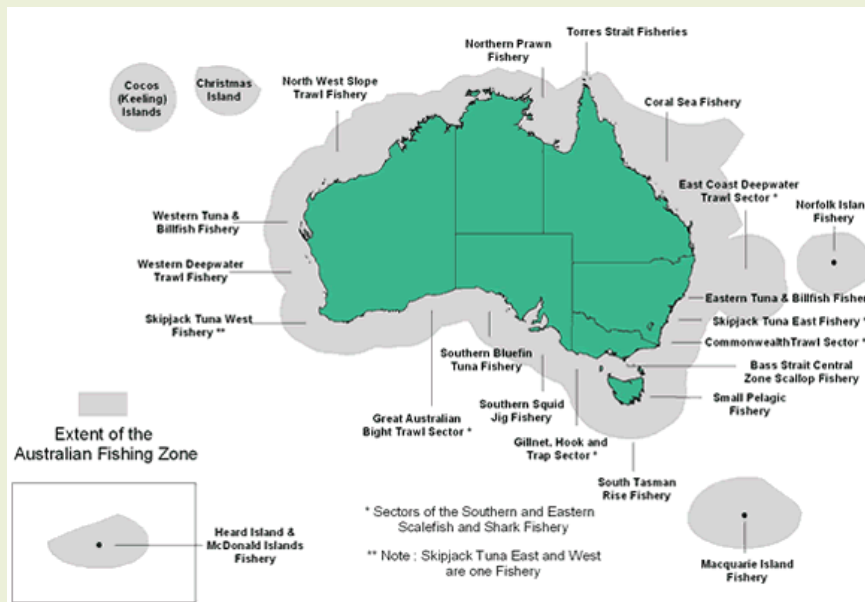
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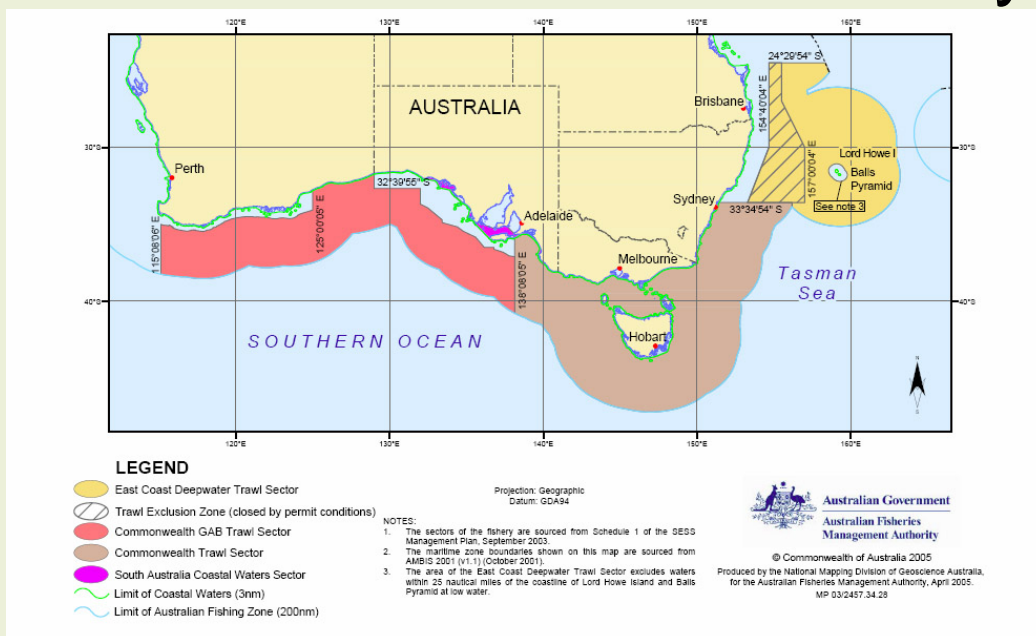
What are we talking about?



Australian fisheries



The South East Trawl Fishery



What am I going to talk about?

- Some background
 - Size and production, jurisdiction, Commonwealth fisheries policy, legislation
- Structural adjustment within this framework
- The South East Trawl Fishery
- Previous adjustment programs
- Were they successful?
- Other observations/issues
- Lessons learnt and future programs
- Concluding remarks

Australian Fisheries

- Large area of water – few upwellings relatively unproductive
- Total production small by world standards – about 50th in terms of volume landed
- Some high value species which are exported (about Aus\$1.54 billion)
- Imports mainly canned and frozen fish and lower value prawns (about Aus\$1.17 billion)

Jurisdiction

- Australia is a federation made up of six states and two territories
- States/Northern Territory have jurisdiction from 0-3 nautical mile
- Commonwealth (Federal Government) from 3-200 nautical mile
- Can rationalise jurisdiction using the Offshore Constitutional Settlement
- Not the most desirable arrangements for managing fisheries resources

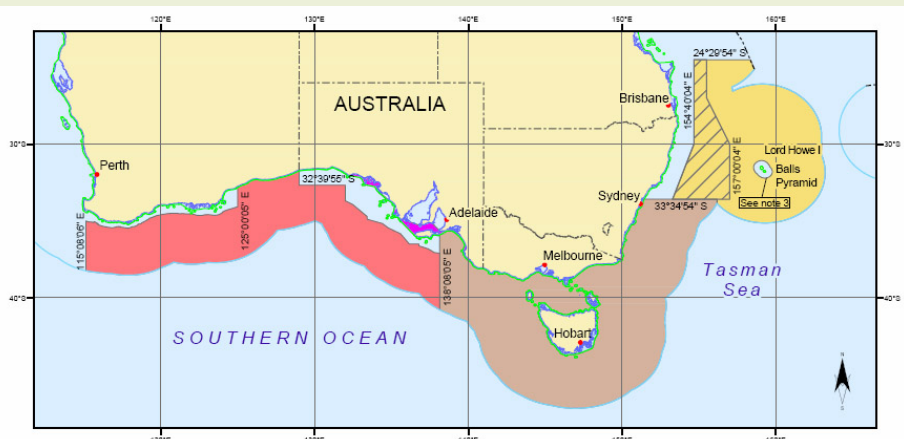
Commonwealth Fisheries Policy

- This paper is about the South East Trawl Fishery – a Commonwealth managed fishery
- Progressive fisheries policy - a hallmark of the Commonwealth's approach. 1989 Policy Statement
 - Recognises a role for government – community owned resource
 - Conservation of the resource and the environment which sustains it
 - Maximising economic efficiency – use of ITQs
 - Efficient and effective administration – depoliticise management
 - Rights based management – Management Plans and SFRs
 - Recovery of costs from those who have access to the resource
- The Fisheries Management Act 1991
- Align policy instruments and outcomes

Structural adjustment within this framework

- Fishing – another form of economic activity – not different or special
- Use structural adjustment programs to redress previous imbalances
 - Sustainable and profitable fisheries
- Implement management arrangements which provide autonomous adjustment
- Let market forces operate
- Create LT stable management and value in fishing concessions

The South East Trawl Fishery



- LEGEND**
- East Coast Deepwater Trawl Sector
 - Trawl Exclusion Zone (closed by permit conditions)
 - Commonwealth GAB Trawl Sector
 - Commonwealth Trawl Sector
 - South Australia Coastal Waters Sector
 - Limit of Coastal Waters (3nm)
 - Limit of Australian Fishing Zone (200nm)

Projection: Geographic
Datum: GDA94

NOTES:

1. The sectors of the fishery are sourced from Schedule 1 of the SESS Management Plan, September 2005.
2. The maritime zone boundaries shown on this map are sourced from AMBS 2005 (v1.1) (October 2005).
3. The area of the East Coast Deepwater Trawl Sector excludes waters within 25 nautical miles of the coastline of Lord Howe Island and Balls Pyramid at low water.


Australian Government
Australian Fisheries Management Authority

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 for the Australian Fisheries Management Authority, April 2005.
 MP 032457.34.28



The South East Trawl Fishery

- Mixed trawl fishery – coastal to 1000m
 - 25,000 tonnes, 100 species sold at a value of about Aus\$59 million
- One of the oldest commercial fisheries (1920's)
 - About 100 vessels
- Management with the States until 1985 – then Commonwealth – limited entry and restrictions but already too many vessels/effort
- Late 80's problems with gemfish (*Rexea solandri*) and orange roughy (*Hoplostethus atlanticus*)
- An urgent need for more effective management – ITQs?

15 years of problems!

- 1992 move to ITQ management – 16 species
- The move to ITQs was very poorly handled
- Huge dissatisfaction with quota allocations and haste in implementing new arrangements
- Litigation, mistrust, illegal activity, non functioning quota market, jurisdictional loopholes, little or no adjustment, continuing stock concerns, declining profitability

The South East Fishery Adjustment Working Group (SEFAWG)

- Set up by the Minister in October 1996 to make recommendations on whether adjustment assistance should be provided
- SEFWAG concluded adjustment assistance was needed to:
 - reduce effort
 - allow non viable operators to leave the fishery
 - stimulate the quota trading market
 - restore confidence in management
- Three main elements at a total cost of Aus\$9.24 million

The SEF Adjustment Program

- Announced in Sept 1997 – Aus\$6.9 million
- Two key elements:
 - Targeted financial assistance
 - Buyout of fishing permits
- No species removed from the quota system
- Targeted financial assistance fully taken up
- Only about half the number of fishing permits purchased – small amount of real effort
- But litigation ceased and a Management Plan was developed and implemented

Was the SEF Adjustment Program a success?

- Yes, in its own way - but maybe not as successful as hoped
- It cleared a logjam which had existed since the introduction of ITQs
- It curtailed litigation which had drained both the industry and AFMA and allowed the development of a Management Plan and SFRs to be issued

And since then has autonomous adjustment occurred?

- Yes it is occurring but slowly
 - Due to the nature of the fishery and those involved (discussed more below)
- The quota market is functioning and fishing practices are changing (quality not quantity)
- But there are impediments
 - A lack of markets for SETF vessels
 - Pessimism about future profitability
 - Declining TACs as stocks are rebuilt
 - External factors – environmental requirements, cheap imports, rising fuel prices

Some observations/issues

- Should an adjustment program been introduced prior to ITQs? - Yes
- Acceptance of ITQ management – has taken time
- The role of non fisheries income
- Cultural factors
- Perceptions about the value of vessels and future productivity – grossly optimistic
- Non binding TACs – should have been lower
- The impact on fishing communities
- Fuel prices, an ageing fleet, repairs and maintenance and the price of fish
- Environmental requirements

The 2005 Commonwealth Fisheries package

- Largest package ever offered – addressing sustainability and profitability
- Aus\$150 million capped, one off fishing concession buyout
- Aus\$70 million for onshore business, fishing communities, displaced crews and for improved science, compliance and data
- Recent announcement Aus\$90 million (of the \$150m) to be used to buy 400 permits and SFRs in the SESS and Eastern Tuna Fisheries
 - second round tenders now being sought

Concluding remarks

- Adjustment to change is difficult but inevitable
 - Structural adjustment a continuous process
 - The fishing industry is no different to other sector in the economy
- In some circumstances government funded adjustment assistance may be warranted
 - May improve environmental and economic outcomes
- SETF adjustment should have occurred in 1991 prior to ITQs – it did not and has been slow and painful
- Changing management arrangements (and access rights) is difficult – most problems are associated with the transition from existing to new rights

Questions?

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