

Integrated Fisheries Allocation Committee
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Recfishwest Supplementary Submission to Integrated Fisheries Allocation Advisory Committee (IFAAC) with respect to Integrated Fisheries Management of the Western Rock Lobster Resource”

Thank you for the opportunity to provide further comment on the Western rock lobster integrated fisheries review process. Please accept my apology for the delay in finalising this submission.

Recfishwest has already made numerous, comprehensive submissions on the rock lobster allocation and IFM processes generally so we will put our case in dot point form for this submission.

- Firstly and most importantly, the capacity of the recreational sector to grow in numbers and catches beyond 2010/2011 must be explicitly recognised.
- The recreational sector and the wider community has a very good grasp of the concept and consequences of managing a community resource and does not wish to see its future rights to this resource compromised by an overly generous allocation to the commercial fishing sector.
- Based upon the reforms being proposed for the commercial fishing industry in 2005/2006, it is obvious that the commercial fishing sector was over-exploiting the resource in the recent past – including the allocation period. It is inappropriate and inequitable to make an allocation based upon these unsustainable catch shares. An adjustment must be made to the commercial catch or at worst a proportional adjustment made and the allocation on the ‘sustainable’ catches.
- If the proposed buy-back of entitlements commences from 2010, there is great concern about the community paying a ‘resource rent’ to commercial sector to buy back a share of the community resource. In addition, we believe that it would be irresponsible for the recreational fishing sector to be asked to fully fund any future re-allocation as the commercial over-allocation is, in our judgement, a privatisation of the public good; there are benefits for the commercial sector CPUE (especially in the absence of output controls) for those fishers who remain, and; there appears to no move to implement an appropriate resource rent or community return for an industry making a super-profit.

We also note that a) the resource was initially “given” free to commercial fishers when there was no competition for the resource in either sector, b) according to Paul Macleod most fisheries show a trend towards increasing community benefit from an increasing allocation to the rec sector and c) the cost recovery principle was never extended to all activities undertaken by the rock lobster fishery (eg wet fish take) and the community subsidisation of these activities should be compensated.

- Capping the total recreational catch requires extremely concise estimates of the recreational catch. This information must be cost effective and accurate to within 5-10% of the total catches. It must also include the catch distributions within the recreational sector so that explicit management that provides the correct response in catch controls can be delivered. The current recreational estimates vary by more than 300% and Recfishwest is extremely concerned that there has been little effort to identify the biases in sampling and address them. Recfishwest has previously expressed its strong concern that the Department has regularly 'adjusted' its estimates of the recreational take downwards to its detriment when an explicit and long term allocation is based upon the 'adjusted' figures.
- There has been no mention of a process to correct any inappropriate allocation made on the basis of poor recreational catch estimates prepared by the Department of Fisheries. Recfishwest and the community would be incensed if we were expected to pay for a Departmental mistake that we have repeatedly highlighted in the past but been ignored.
- The catch data must be as close to 'real time' as possible. Recfishwest recognises some of the difficulties with obtaining real time data. However, the rock lobster fishery has the most robust predictive catch models in the world which presents some enormous advantages in tracking actual catches against natural fluctuations in recruitment. The response rate and actions must be fully developed in conjunction with the commercial fishing industry. The extent to which rolling averages (and the period) versus individual year catches and the relationship to variable recruitment also must be defined. The capacity to 'pay it forward' for under-exploitation and the implications from a property rights perspective if commercial fishers take part of the under-utilised recreational share will also need to be defined.
- Allocating explicit recreational catch shares without the same capacity for the commercial fishing industry is illogical. If the recreational sector is to have catch limits specified (and managed to that level) then quotas or output controls of some form for the commercial sector are essential.
One possibility is that before each season the Department of Fisheries would apply the agreed proportions to the predicted catch and each sector would then have an allocation. It would be easier to hold the commercial sector to its allocation that year but because of delay in catch estimates, it would be difficult to hold the recreational sector to theirs. However when calculated it would be expressed as a variance against the rolling average (in proportional terms to account for variations in recruitment during the rolling average period). It is not really possible to separate the management from the allocation. Sectors have to know a certain amount about the management system which will be used before know the applied consequences of the allocations impact upon them.
- The increased cost of compliance for managing the recreational catch share should be shared by the recreational sector that is directly involved and the commercial sector that receives (by definition from the allocation) the greatest benefit.
- A recreational tag system for rock lobsters is not the preferred option. While the technology does exist, it would cost at least \$1 per tag to produce. Unlike snapper tags, the toxicity on cooking, the capacity for tags to be 'shed' while handling and other factors would need to be worked out. The cost/benefit against compliance and administration costs vis-à-vis spatial and temporal management must be objectively assessed.

- Compliance costs for a tag system would be significant. There would be an incentive to fit tags when compliance activity was near.
- Selling or trading in tags has financial implications, including GST. The extent to which a tag represents a property right would need a legal assessment, especially if a recreational fisher was not able to catch a lobster through commercial activities or the imposition of marine park sanctuary zones in their 'traditional' fishing grounds.
- Returning tags at the end of the year would be important to determine actual versus projected usage.
- A tag system needs careful and accurate consideration of the 'average' and therefore total weight that the tags represent. If tags are valuable and the resource relatively abundant, then recreational fishers will high grade and take more tonnes from the same number of tags. An ability to accurately and objectively assess the non-compliance rate i.e. animals landed without tags, must be developed.
- The differences in catch rates and average sizes of animals between recreational potting and diving is problematical. This is particularly the case with air assisted rock lobster diving which is an historical and highly cherished practice by many West Australians. Participation and effort rates will also need to be monitored and quality controls put into place. A change in this dynamic will have implications for the management of the resource.
- The initial allocation, the cost relative to a general licence and mechanisms for purchase of additional tags require careful thought and administrative diligence.
- A tag system has more merit *if* the commercial sector also applies tags, perhaps promoting the MSC stewardship and a market differentiation tool, also allowing accurate tracking of animals by licence holder, size etc with electronic readers on the boat and at processing facilities. It is also beneficial for the implementation of catch based resource rents rather than the more crude per/pot cost used now. It is equitable and puts allocation across the sectors on the same footing, but we do recognise that leg loss (which also applies to the recreational sector) and other product quality issues would need to be resolved.
- The relative cost contributions between recreational and commercial industries must be better defined. The commercial sector claims to be fully cost recovered but this is not completely true. Additional access and infrastructure costs (including relating to the Abrolhos Islands and some compliance costs) continue to be subsidised as a community cost. The application of cost recovery for a community resource is illogical and the statutory management review committee made unequivocal recommendations on this point. Simply put – a cost recovery process for a community resource grossly undervalues the return to the community. Importantly it encourages a minimalist approach to compliance, research and management costs and leads to small scale debates about true and necessary costs, many of which are the stewardship responsibility of the government. Industry should be arguing about quality of service and how to improve it, not looking to always cut costs and corners.
- This (not-quite) cost recovery system for commercial fishers contrasts with the recreational rock lobster system where a true resource rent is charged for recreational rock lobster access. The funds derived are used for agreed management priorities across all Western Australian recreational fisheries.

- In addition, Recfishwest has recently become aware of a proposal to charge recreational boats visiting the Abrolhos Islands. This causes great concern as the commercial rock lobster fees for the islands are highly subsidised for political reasons and to apply inequitable costs to the recreational sector is totally unacceptable, especially as there has been grossly deficient consultation on the proposal.
- Given the recent revision to the recreational catch figures – the recreational sector is paying about three times as much back to the ‘community’ to access its share of the resource than the commercial sector. This is illogical and indefensible from any rational perspective. To then be proposing a system which disenfranchises future participants and discounts the quality of their experience by forcing intra-sectoral resource sharing or increasing effort in small areas, cannot be explained to the community except in terms of historical client capture.
- Management with indirect measures may be more beneficial. Examples are temporal and spatial management rather than having the explicit market mechanisms which arise from a definitive allocation.
- Recommend commercial fishing exclusion for inside the ‘three mile’ fringing reef system from Geographe Bay to north of Dongara during the whites run from 15 November to 15 February. For the purpose of this allocation, Rottnest Island should have its exclusions extended to at least 1 nautical mile. A line from Hillarys to the outer north-western boundary and from Woodman Point to the outer south-western boundary would be preferable.
An alternative would be for the commercial fishing exclusion for the ‘three mile’ from 15 November to 15 February to apply in all marine parks, including Cape to Capes, Shoalwater Islands, Marmion, Jurien.
This spatial resolution would solve the vast majority of the resource sharing problems and would have almost no impact on the net economic worth of the commercial fishing industry. Recfishwest strongly advocates that this spatial separation should be encouraged by all parties involved in the IFM rock lobster process as the market adjustments would be non-existent or negligible.
- Seasonal licences should be investigated. RFAC and Recfishwest should establish a joint committee to investigate the implications (especially for umbrella licences) of moving towards more time specific licences including short term licences such as splitting the season up into three or four periods or just allowing weekly licences such as a family holidaying on Rottnest Island.
Dividing the license up into four periods:- *opening to end Jan*, February, *March* and April/May and potentially giving away June in negotiations over spatial allocation would address the problem of a small number of recreational fishers taking large catches over the entire season to some extent by making these high involvement fishers pay more and the June closure would impact on the accumulators more than the genuine recreational fisher.
- Any additional funds raised from multiple licences from the same holder should be set aside for recreational research, management or catch share manipulation depending upon the strategies which are adopted.
- The issue of a small number of recreational fishers taking 100-300 lobsters per season needs to be addressed as suggested above, as does the increasing use of pot winches which allow recreational fishers to operate in deeper than 20 metres of water. One potential solution is to only allow fishers with a medical certificate to use pot winches and then only in waters shallower than 20 metres. However, Recfishwest is adamant that this suggestion can only be considered as part of a wider

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trade-off of rock lobster spatial management and cannot accept that this would be adopted without any commercial fishing trade-off!

- The implications of a one zone or two zone allocation process should be subject to a workshop or summit meeting with peak bodies and key stakeholders.
- We need to identify that the allocation process will have special needs in the near future in several spots in B zone. One of the areas that needs special attention is in the southern part of B zone. As Perth grows up to and past Jurien, a 0.9% allocation from Green Head will become increasingly inappropriate. Some mechanism for this population growth must be put into place. If the market comes into effect, then we will buy back Abrolhos, Big Bank and offshore effort with no guarantee with an explicit return at the B/C Zone boundary (or indeed the central C zone for those entitlements) where the need for a direct and tangible benefit is greatest. The result could be a community funded restructure of offshore commercial fisheries with no return on the investment.
- Instituting mechanisms that ensure a direct return commensurate with any market investment is an essential element of any community funded adjustment package.
- There will be similar problems immediately adjacent to Horrocks (where the impact/benefit of the new road has not been accommodated within the catch allocations or projections; Greenough, Dongara, Geraldton (especially near the access points) and Kalbarri. The differential spatial impact of recreational fishers could see the 'marine park' exclusion extended to Horrocks, Greenough, Dongara, Geraldton and Kalbarri. The recreational boundary for B zone (and the larger allocation) should move upwards in response to a population density increase of say 2X within 15 km of the boundary or with the construction of any additional boat ramp/access point within B zone.
- Recfishwest is concerned about the financial implications of a long term community funded buy-back. We stated this case in a media release which received some coverage.
- Recfishwest would be pleased to meet with the committee to discuss the implications or operational details contained in the submission. Recfishwest has spent considerable time and effort in attempting to address the myriad of issues and implications which derive from the IFM process for rock lobster and ultimately other species.

Recfishwest thanks you for the consideration of this submission.

Yours sincerely

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Executive Director
Recfishwest

3 April 2006

Cc. Doug Bathgate Chair RFAC
Hon Jon Ford Minister for Fisheries

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Norman Halse's Calculations of impact on recreational rock lobster license fee of a market mechanism based on IFAAC draft allocation report.

Assumptions

1. From Table 1 in Appendix G of the draft allocation report the expected growth in recreational catch between 2009/10 and 2010/11 is from 4.9% to 5.2%; that is 0.3% of the total catch.
2. The "average" acceptable lobster catch is about 11 500 tonnes.
3. The market price for a lobster pot entitlement is about \$22 000
4. There are about 55 000 commercial pots in the industry.
5. Option A the recreational sector meets the whole cost of reallocation
Option B the recreational sector meets one half the cost of reallocation
Option C the recreational sector meets one third the cost of reallocation
6. By 2011 there are about 50 000 recreational lobster license holders

Assuming the commercial catch is 11 000 tonnes from 55 000 pots, each commercial pot on average catches 0.2 tonnes per year.

An increase in recreational catch of 0.3% of 11 500 tonnes = 34.5 tonnes.

To offset this increase in the recreational catch the commercial catch would need to be reduced by the same quantity. This could be done by purchasing and "retiring" the amount of commercial effort that would be expected to catch this quantity of lobsters. To purchase the effort required to catch this amount of lobsters on average one would need to purchase $34.5 / 0.2 = 172.5$ pots.

The cost of purchasing these pots would be $172.5 * \$22\ 000 = \$3\ 795\ 000$.

Assuming 50 000 license holders each of whom contribute equally (they don't at present because of umbrella licenses) the increase in license would be:-

Option A \$75.9 per year (about Frank Prokop's estimate by a somewhat different method)

Option B \$37.95 per year

Option C \$25.3 per year

All of the above are based on the predicted increase of 0.3% from 2009/10 to 2010/11. The long term increase is 0.1% per year and in recent years it has been 0.2% per year but rising.

- There are actually 69,285 pots plus or minus a few.
- Will need an extra 18% pots as the effort reduction required is 172.5 pots and the pot allocation is based upon pots plus 18% for temporary pot reduction. (Actually need to buy back 210 pots).

Estimates assume that:

The removal of the effort will have a 1:1 ratio to catch. The reality is that there will be at least a 10% and probably 15-20% pick up in efficiency/catch rates of the remaining pots. Reinforces the need for output controls of the commercial fishery.

Also assumes that the market will remain 'true' and somewhat fixed when a new and hostile (at least in the eyes of the existing participants) entrant is trying to buy 173 pots (almost all from C zone presumably).

The question of 'retiring' entitlements is interesting as some recreationals believe that these 'pots' should be retained and reutilised in the market should the sustainability recover or the recreational catches reduce for whatever reason, allowing the recreational sector to benefit from the market. If we are 'true' players then these entitlements are 'ours'. It helps to reinforce the need for business rules and the role of government to be absolutely clear. Worst case scenario is that recreational sector buy back the pots, fishery recovers and government sells them back out and keeps the money.

- The buy-back of pots will have to be conditional on some explicit return to the recreational sector otherwise we will see yet another community funded commercial restructure and marginal return exercise like the FAS schemes to date. I.e. We will buy back the 210 pots but MUST then see an extra 1 km exclusion around Rottnest Island to commercial fishing. This is essential and will have an impact on distorting the market – guys near Rottnest will not be happy when boats based near Green Head sell their entitlements but with the spatial impact felt by the commercial sector elsewhere.