

## Recfishwest Submission on inter-sectoral allocation models

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### **Recfishwest Submission to Integrated Fisheries Allocation Advisory Committee (IFAAC) with respect to an assessment framework for fisheries inter-sectoral allocation models**

Thank you for the opportunity to provide comment on this report.

Recfishwest is somewhat disappointed not to have been engaged in the development of this paper. We have consistently provided comprehensive and constructive comments on this important topic yet the committee and authors of the paper have not had any direct discussions on the matter with us.

This has not been the *modus operandi* for the IFAAC committee to date.

Recfishwest asked a number of important questions in the context of the rock lobster allocations (attached). At least some of them could have been better addressed in this paper if we were asked to provide input into an earlier draft.

Indeed, this is a particularly difficult paper to comment on as we are not certain whether we have been asked to comment on the paper or provide our views on how a re-allocation model might proceed. There are a number of aspects of this paper which are clearly a work-in-progress.

Therefore we believe that there is considerable merit in convening a meeting to examine (as was done with the priority setting for IFAAC) how a model might be more fully constructed. We include for your information a copy of our original Toohey submission which addresses many of the issues raised.

Recfishwest is uncertain as to the relationship between this paper, the IFAAC process, the FRDC project and a dedicated FRDC sub-committee dealing with resource allocation and re-allocation models. This needs clarification.

Recfishwest would like to offer the following specific comments on the paper.

#### **Current re-allocation mechanisms**

The current Fisheries Adjustment Schemes have fundamentally failed in achieving anything other than a community funded commercial fishery restructure. This has been, in many instances, in direct contravention of a Cabinet directive that the funds were to be used to facilitate a catch share shift from the commercial to the recreational fishing sector i.e. a re-allocation outcome.

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The reasons for this failure primarily relate to the Department of Fisheries not making any complementary management adjustments to allow the recreational sector to realise the benefit from a reduction in commercial fishing licences. The worst case involves the South Coast estuarine fishery where over \$1 million was spent for an insignificant reduction on commercial catch, but an enormous benefit to commercial catch per unit effort and profitability.

The Department has failed to undertake an objective review of the fishery or to evoke the Cabinet decision which allowed for the establishment of the FAS in the first place. Indeed, in this case, the Department liberalised the commercial fisheries operating procedures to the detriment of the recreational fishers!

The Department's commitment to a transparent and equitable system has been unsatisfactory to date and the lack of engagement in the development of this paper does little to allay any fears that this traditional client capture is being addressed.

It is the view of the recreational sector that a re-allocation may take many forms other than just a direct catch shift which requires a re-allocation. For example, giving the recreational sector greater or priority access to the inshore C zone whites may make the management and administration of the recreational catch share much easier and result in a greater net social and economic return than buying back entitlements that may have utilised the Big Bank fishery in northern B Zone, and without compensation.

The lack of clear goals to achieve a resource shift has not been evident to date. The capacity of the government to act as administrator of the resource and owner of the shares on behalf of recreational and traditional owners has not been addressed and is a fundamental concern to Recfishwest.

### ***3.2 Comparability of catch shares***

There is once again an insistence in implementing explicit recreational catches such as through a tag system. There is inadequate consideration of the needs of the community and the administrative costs of such a system against a first-principle conservative approach to management.

The potential impact of the recreational sector on the commercial sector still appears to identified in the paper to be a much greater driver than the potential of the commercial sector to impact on the recreational sector.

This is in spite of two recent significant cases to the contrary – Cockburn Sound crabs where commercial catches had an enormous impact on recreational catches with the result that the recreational fishery was closed along with the commercial fishery. A related Warnbro Sound fishery, and a Swan River fishery that should have ceased as part of an election promise, were totally unaffected.

Similarly the west coast wetline catch had been significantly over the estimated Maximum Sustainable Yield (MSY) for at least four years with no hint of management reforms. The recreational sector has had a halving of its bag limit

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for key species (and advocated for stricter controls for Cockburn Sound snapper – initially against Departmental advice) during the same period.

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.

The recent reduction in the recreational abalone season to one hour has seen a significant reduction in the catch in spite of ideal weather conditions because all amenity values have been squeezed from the fishery. We have a good compliance regime, but no one can be bothered to be treated like animals – herded onto the platforms for their minimal allotted time frame. Therefore ‘precise output controls’ which are the potential next step in the Perth abalone season are not part of an ‘ideal world’ from an amenity perspective.

The discussion paper shows a distinct lack of understanding of the motives and outcomes from a recreational perspective which could have been addressed through consultation.

### ***3.5 (b) Sectoral equity***

One of the things that is attractive about the recent FRDC proposal on resource allocation models was the capacity to assess whether a body corporate model for recreational shares might be possible. This must be done objectively and in consultation with the sectors.

This is an important consideration and we must move away from the government acting as administrator and manager of some sector’s shares.

The recent New Zealand kawahai decision, while not binding in any way in Australia, indicates that government’s have traditionally undervalued the community components of the common property resource. The liability of the recreational sector to make restitution for an inappropriate government allocation policy (which created a history which also forms the basis of the IFAAC allocations) may well be called into question in the future.

It is highly unlikely that any government department will argue that it was its own mistakes which result in a resource re-allocation for which they might be liable.

This is also a fundamental question and one which the courts around the world are consistently finding for the community in their deliberations. It is therefore essential that the government be ‘at arm’s length’ from the administration of the recreational catch share where sustainability is not at risk.

### ***3.6 Value of fish shares***

If compensation is involved there is a strong incentive to devalue the ‘experiential’ values of the non-commercial sectors. Indeed there are economic consultants who specialise in reducing any non-commercial values.

The true test is to deliver the optimum social and economic outcomes for the state (see the rock lobster example described above). This is as yet poorly defined and interpreted very differently between and within the sectors and indeed within government.

### ***3.7 Nature of the market***

It is extraordinary that the potential of the recreational sector to distort the market is given greater consideration than the reverse case.

This section is trivial and ignores the fundamental concerns regarding the capacity of the market to reflect the 'values' prior to a re-allocation process being initiated.

We have seen many instances of market bias and we may well see many more as the integrated system comes into wider usage, especially if compulsory entry to the market for catch share adjustments are required. If the government continues to act as the administrator of the recreational catch share it is unlikely if not impossible that they will look for a premium on any catch shares which they sell or lease or look to negotiate a favourable price if buying entitlements.

The same does not apply to commercial holders who will logically act to get the best deal possible.

Recfishwest does not accept that the aquaculture or charter sectors could be managed in any direct way against commercial allocations without similar consideration to that which is warranted in recreational-commercial interactions. Indeed, the charter sector is considered as part of the recreational sector.

Fine scale management and trading at the level of one commercial operator to a single charter boat for example is an additional level of complexity and different from the more global re-allocations across sectors that Recfishwest has been concentrating on to date.

### ***3.9 Other considerations***

The important issue of social balance is an important consideration for us and has not been fleshed out. There is an opportunity to define the social balance in a way that is clearly understood and able to be explained to the various constituencies.

## ***4 Where to now?***

There is a need to engage the sectors in this debate in a face to face manner with the authors of the paper participating. There are many challenges to be faced and they must be faced together rather than by the department running the agenda.

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The difference between economic rationalism and applied fisheries management needs careful consideration and delicate handling.

The proposition that allowing commercial and recreational sectors to buy Shark Bay snapper tags represents a true market is, at best, mischievous. A real market would operate if all forms of the snapper fishery, including the commercial fishery were also subject to a tag system with an 'open' starting value. In the Shark Bay case, a series of arbitrary decisions were made to allocate the commercial sector 100% of their historical catch and to set a cost (value) that was independent of the 'values' placed on the system by various participants. The fact that the tags have been frequently undersubscribed means that the cost may not reflect the value of the fish as expressed through the purchase of the tags. This market failure is an area for research, particularly if tags were to become a more common recreational fisheries management tool.

It is therefore essential to determine what the market is and how it might operate before using examples such as this.

The FRDC project while extremely important, has a strong South Australian influence, where the system of co-management is largely a government devolution of responsibility to the commercial fishing sector ONLY. It's broad applicability to Western Australia, especially if there is only limited community involvement in the process, will need to be carefully watched.

In conclusion Recfishwest would like the opportunity to meet with IFAAC to develop a joint paper for further discussion and adoption rather than being asked to comment on what is clearly still a work-in-progress. We believe that there is much to be gained by a direct dialogue with the commercial sector where points of agreement can be adopted and points of difference identified and a way to address them objectively made clear.

Recfishwest thanks you for the consideration of this submission.

Yours sincerely

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Recfishwest

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Cc. Doug Bathgate Chair RFAC