

## SENATE INQUIRY INTO ITQ SYSTEM

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**Committee Secretary**

**Senate Standing Committees on Rural and Regional Affairs and Transport**

**rrat.sen@aph.gov.au**

### THE CORPORATE THEFT OF THE AUSTRALIAN SHARK FISHING INDUSTRY

The fishing community is in the midst of being robbed of its existence and in particular our rights and our constitutional right to free trade, fishing families have lost the right to fish and sell that fish to whom they select. Seafood wholesalers have been robbed of their opportunity to purchase and deliver quality Australian Seafood to their customers. Retail shops have had their quality Australian seafood supply cut like an unbiblical cord and in those locations so have the Australian people. This is not in the name of conservation either, but in the name of monopolization and greed, and the fruits of which only extends to a few. The ITQ system has not produced any good outcomes for the community in any way, instead it has been manipulated with corporate investment capturing the majority share of most Fisheries ITQ, meaning; people who have no interest or care for this industry or its community are the major shareholders of it. These shareholders only care about the stability of their investment portfolios and the returns promised to them, during the selling presentation conducted by blue collar office quirkers that have a great talent for showing convincing analytical graphs on power point displays that show how safe their investment is, and its subsequent return, and have no idea what is really going on in their invested industry of choice.

**a. how the current quota system affects community fishers;**

Before a fisher can even lease 1kg of quota, corporate monopoly dictates to the fishermen, before they are even allowed to lease 1kg of quota that the fishers catch must be sold to the processor that is aligned with the corporate monopoly as a condition of lease of the initial ITQ. If the fisher declines to

sell his catch to the consortium nominated by the quota leaser (which the ITQ managing party has a pre disposed vested interest in) then he is not allocated any ITQ and subsequently has his livelihood cut off by force. This is all whilst only really acting on the behalf of the actual ITQ owner as a broker or fund manager, the actual owner would not have any biased opinion of where to lease the quota but only as long as he gets his return on investment as promised, which he has solicited the services of a broker for, in line with what a wall street investment fund manager might do. This “**un regulated**” quota system allows for the investment manager to blackmail fishermen by threatening to cut off the supply of ITQ! This is wrong on every level and the effects on the community are huge, fishing families will go broke, fish and chip shops also be starved of produce and forced to only deal with the distributor chosen by the brokerage corporate monopoly, there is the chance for no competition which is the essence of a free trading society that you would expect from any Australian Government Managed Industry as a petty prerequisite.

The corporate monopoly has a massive vested interest in both the procurement lease of ITQ itself, as well as the processing and distribution rights of the supply of the end product through to the consumer. The above system is corrupted, there is no value of free trade reflected in what has been allowed to transpire. In the last senate inquiry into this industry back in 2007, additional red tape that might of protected the integrity of the fishery was slashed in order to boost economics and the overall value of the resource.

SFR's will not be worth the paper they are written on because even though a fisher might have a Statutory Fishing Right, in essence he will actually not have such a right, because the consortium can choose not to lease him ITQ's based on just about any biased view they see fit at the time. Pretty much blockading the fisher from continuing his normal and historical primary industry service that governments usually aid in the development of. **We need a government based regulatory body that manages these complex handlings of ITQ (peoples lively hoods) leasing and transactions. It is broken but it still can be fixed, we need to implement rules on the ownership % a single party or financially related parties can control, brokerage conduct and investment terms and conditions based on certain regulated levels of active and non-active involvement in the industry. AFMA was supposed to regulate this industry but has not adequately protected it from exploitation. On one hand I cannot blame the monopoly in question, because they saw just how un regulated this industry was and exploited it very well.**

This current model is not a responsible management outcome for the fishery of an Australian Resource, it is more like something out of a bad movie where everyone can see who the killer is except for the victim (Australia). A dark cloud is engulfing the sea. The same sea that so many fishing families worked hard to pioneer, build on, preserve and survive on and even gave their life to over many years. No shit, it is a hard slog being a fisherman, only a certain few can put up with the hardships involved that effect nearly all facets of life, so many I will not care to list. A fisherman almost never experiences calm waters, but the very nature of the management of this Industry spells only risk, uncertainty and instability, this is to the direct contrary of what the original political recommendations for the industry where previously introduced for. A Fishery that changes so violently and so rapidly, is very hard to keep up with and adapt to for a fisherman, financially and operationally. In many cases trying to stay ahead of these changes, is a job within itself, leaving a small fishing family perplexed of the correct choices to make as

some of these choices in the past have resulted in large financial losses, or the lack in financial gains that are synonymous to the efforts invested. It's becoming a wheel of fortune really, and you can only play the game if you are already very wealthy or have access to a large amounts money to begin with.

But why don't more current fishers own and fish their own ITQ's? This is because when quota was introduced and was handed out based-on fishing history, some fishers or owners whom where not entitled to the gifting of ITQ's, received it, and some that where in fact entitled missed out on the gifting process based on some small inconsistencies in log book management, etc. This is not surprising keeping in mind that back then many fishermen hardly were educated enough to make any sort of substantial inquiries in to the matter. What was this gifting process for? To introduce ITQ's, which should have always stayed in the possession of the government, the early fishermen had already worked the advantage of being able to fish without almost any rules, regulations or restrictions resulting in great catch's and great profitability, whilst receiving massive shares in the industry in the form of quota. The fishers of today have been left holding the ball. The value of the ITQ's and SFR's increased over the years yet management strategies incorporated reduced confidence from the banks and therefore their appetite to realize the industries ITQ's and licenses as equity. This made it almost impossible for a fisher to take a loan from a bank to purchase ITQ's, even if he could demonstrate that he has been leasing ITQ's for the past 30 years and that they are a basic requirement for the fisher's business and that over that 30-year period he would have paid the cost of the ITQ purchase off already, so many times over. This gave way to the fact that since the banks held no confidence in the industry that **it soon became a rich man's game!** Now lots of money in advance was necessary in order to successfully purchase ITQ's or licenses for that matter using cold hard cash, upfront cash and thus the rise of the investor! And if not regulated (which was supposed to be the responsibility of AFMA), would lead us to where we are today.

We, as fishermen, recognize that the monopoly in question needs fishers in order to provide a return to these investors. We also recognize that the only thing in the future of this industry that will be regulated will be our ability to make a living and how much meat will be left on the bone, by the corporates as they kick what's left of it down the hallway to us. With ITQ lease costs rapidly increasing as well as the lack of inflation to product selling prices; and now the impact of the forceful regulation of both these quantities by the monopoly coupled with rising operating costs means that there is less meat on the bone than ever before. We have all seen the state of the fishing industry in Canada which Australia has so closely tried to mimic with its fisheries policies over the years, it has destroyed their fishing communities, leaving the actual fishers broke and the wealthy investors even wealthier. In some instances, the price of ITQ Lease to the fishermen was so close to the harvested products end selling price that ITQ's nearly made up over 80% of the total value of the species. This is where we are heading.

The industry monopoly has set up multiple umbrella companies that hold the investors ITQ's and SFR's within them. I always thought that Australia's democratic policies for fair trade would make it illegal to own, influence or manage more than 30% of any industry. In this case the corporate monopoly controls, owns, influences and manages almost 70% of the SESSF. There is about 4 different companies that have been set up to create the illusion of fair trade, but make no mistake in the fact that the same managing

entities are involved in all instances. These are also some of the same entities that chair some of AFMA's most influential associations. If AFMA is the regulator of this industry, then how could someone who's conduct that can only be described as self-opportunistic and irresponsible have so much influence.

**Make no mistake that all fishermen feel the same as I have described above, but are scared to lose rights to ITQ's and may not speak out as a result.** Fishermen have been divided over the years due to this scare tactic, and the fact that if they stay quiet and don't make a fuss, they may in fact end up in favor by the monopoly and land in a situation where ITQ's are available to them. This is what the great fishing families of the mighty bass strait have been reduced to; wishful thinking as a business model!

**b. whether the current system disempowers small fishers and benefits large interest groups;**

There is no question that not only does the current unregulated state of the fishery disempower small fishers, it will also most definitely destroy them if due diligence isn't conducted by our government representatives in response to this, as well as the countless other sectors of our industry that encompass an important amount of our fisheries total contribution to the Australian economy.

In contrary to the above, the monopoly and its investors are on the Precipice of industrial total acquisition. The distortion in the shares of the market will limit any competition in the market place and allow for smoother future manipulations to the market to take place. Competition means fair trade, and is essential to it. The corporate investors and fund managers will profit and leave fishermen making less margins than ever before, while the consumer spends more in turn.

**c. the enforceability of ecological value on the current system, and the current system's relationship to the health of the fisheries;**

There is too much dumping of wild caught fish across the board due to the effects of the introduction of the ITQ system. Fishing is not like hunting where you could see through a scope and only pull the trigger if the target species is identified. Sometimes we catch undesirable species, which are to be dumped overboard if you have no license or ITQ's for the species in question. When the species is alive, release is justified but when the species is dead this is an outright waste. There are people starving in this world and we throw away hundreds of tons per year of beautiful seafood species that accidentally made their way into our nets. There must be a better system. **Fisheries policies are great in theory but conservation does not mean throwing dead things over the side in my book.**

**d. whether the current system results in good fishing practice that is ecologically sustainable and economically dynamic, and produces good community outcomes; and**

Since the corporate Investor has entered the industry. Many management strategies have changed too. The limit of nets used by the gill net fishing boats has increased from 4200 meters to unlimited net lengths. The effects of this change in effort have had a negative impact on the increase to interactions to wild life. The efficiency of fishers has not necessarily improved either from the increased net lengths. Catching rates are all about net placement (geographical location, timing as well as soak times). Due to their being less meat on the bone for fishers in recent years, the result is also an increase in effort in order to try to stay profitable. This changed the dynamics of fishing, pushing fishers to work rougher and more dangerous weather conditions and stay out fishing for longer durations, whilst using longer nets that have increased the potential for catching bi catch species and wild life interactions. The levels of damaged landed shark also increased and subsequently so did discards, due to the increased net lengths. It was first thought that these changes were implemented to try to take down the gillnet aspect of the industry so that long lining would be the preferred method of catching in this industry, however that has since been proved to be ineffective as a method which holds its own set of bi catch, discarding and wild life interaction problems and is most of all not commercially viable for fishers. Nothing was originally broken in the industry in the first place so why did we change the net lengths for, **if not to accommodate returns to investors?**

**The ITQ system is not working and is not suitable for this industry, It's time for our government to take a closer look. We need AFMA to implement rules and regulations for the ITQ system to protect the industry from exploitation and return it to a transparent well-functioning fishery that reflects Australia's community values of fair trade! As fishers, we all are unsure of our futures and the buck must stop here!**