Abalone Association of Australasia Inc

ABN 93 373 883 402

The Senate Rural and Regional Affairs and Transport References Committee

Senate Inquiry into the Fisheries Quota System

SUBMISSION from

Abalone Association of Australasia Inc

November 2022

Attention: Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Who we are

The Association is an organisation principally composed of licensed abalone processors and exporters that are active in both the Australian and New Zealand abalone industry.

Membership of the Association is open to licensed abalone processors and exporters (Including, wild abalone, farmed abalone, post-harvest operators, canning facilities and exporting businesses connected with the Australasian abalone industry) and businesses providing goods and services to the industry.

Member firms represent approximately 80% of the total wild abalone harvested and a significant proportion of the farmed abalone processed and exported from Australia and New Zealand.

There are 12 Full member organisations and 3 Associate members in the Association consisting of corporations, co-operatives, specialist consultants and industry bodies operating across all the Southern Australian states and New Zealand.

The Association is managed by an Executive and an Executive Committee elected from member representatives at the Annual General Meeting each year.

The Association was formed to provide a focal point for industry operators to meet and foster and develop a sustainable abalone processing and export industry operating within Australia and New Zealand. It promotes the preparation of high-quality export products, high standards of health and safety in both the harvest and processing sectors and ethical business practices, protecting both domestic and international markets and consumer interests.

Members of the Association are principally involved in the processing and exporting of wild caught and farmed abalone and operate across the five states where abalone are harvested, however some are also involved in the harvesting of the wild abalone by owning quota and leasing the quota to or employing divers to harvest the abalone on their behalf.

The association has a well-established relationship with government agencies (state and federal), seafood organisations and peak industry bodies representing abalone

and seafood interests in Australia and New Zealand with members sitting on many state and federal industry committees.

Over many years, the Association, through it's relationship with the Abalone Council of Australia and FRDC has proposed, supported and contributed funding to numerous research and development projects related to improving harvest methods., health and safety of divers, improvements in processing techniques and resource management.

Our response to the Terms of Reference

Are ITQs a good fishing practice that is ecologically sustainable with an economic dynamic that produces good community outcomes.

The abalone fishery began to progress from an intermittently fished essentially recreational base fishery to a commercial fishery. It rapidly expanded to the point that the initial fishing grounds in the southeast of Australia around Mallacoota and Eden was becoming seriously depleted. Many divers gave up and went back to their day jobs or went in search of new areas to fish along the southern coast of Australia and also Tasmania. The divers that remained instigated voluntary restrictions on the operations such as requesting their fisheries departments instigate commercial licenses, restrict the number of fishers and minimum size limits.
By the late 1980s, fishers were looking to exit the fishery due to health reasons or age, but licenses were not saleable, and their only option was to surrender them to the government and therefore not realise any return on their efforts to develop the industry. In conjunction with government, fishers in Tasmania developed a TAC/ITQ system that addressed this as well as improving the management of the resource to ensure it's sustainability. Progressively, over the next few years, the other abalone harvesting states adopted the TAC/ITQ model.

Initially, the model worked well but at the same time there was a significant amount of illegal, unreported and unregulated (IUU) fishing occurring with estimates of up to 50% extra abalone being taken above the various TACs. Fisheries departments have expended a lot of effort in reducing the IUU fishing and while not completely eliminated, it has been reduced significantly, but there have been long term effects due to the extra pressure on the resource and in some areas, there have been steady reductions in the TAC.

Setting TACs is dependent on good data. Traditionally, TACs have been set using independent stock assessments done by divers counting and recording sizes at designated sites on an annual basis and the Catch per Unit Effort (CPUE) data compiled by the departments. Both these datums have problems. Abalone is a cryptic species and it is difficult to do accurate counts and CPUE for a similar reason has been determined to not be the most appropriate method for this type of fishery.

Fortunately, over many years and in particular, the last 10 to 15 years as technology has improved, industry has developed GPS tracking systems used in conjunction with easily used measuring and recording devices that allow accurate size frequency data to be accumulated of individual diver's catches. The GPS units also measure dive times and the depth and time of each dive giving much greater accuracy of CPUE. The result is that a better understanding of the resource and effort have started to show results.

New Zealand pioneered this method of data collection, and they are now seeing significant recruitment in their fishery and have started to increase the TAC in several of their harvest areas after many years of declines. In Australia, using similar techniques we have seen improvements and increases in quota of the two most seriously depleted fisheries in New

South Wales, and Western Zone Victoria. Tasmania also appears to be turning the corner with greater numbers of juveniles being seen.

In return for having an ITQ, the owner pays a license fee or royalty generally based on the Gross Value of Production (GVP). While TACs have been stable or decreasing at various rates across Australia, with the better resource and CPUE data collected in recent years we are seeing a reversal of the declines and as a result the fees and royalties will steadily increase into the future. With the increasing TAC there will be more product to process through the factories and more opportunity for employment. Since many of the factories our members operate are in regional areas, this will improve employment opportunities for those high unemployment areas.

In summary,

- The TAC/ITQ resource management system is ideally suited to ensuring the abalone fishery is ecologically sustainable.
- ITQs are only as good as the data used for setting the TAC
- TAC must be enforced and IUU policed.
- Developments in data capture methods using new technology have dramatically improved the resource and CPUE data that is used to calculate TACs.
- With the improvements in setting TACs, there have been increase in several harvest areas and improvements have been seen in recruitment in several other harvest areas boding well for the sustainability of the abalone resource.
- Increasing TACs will lead to increased fees and royalties as well as higher employment to process the extra resource notably in regional areas.

How the current quota system affects community fishers

The Abalone fishery is in the most part a coastal fishery and much of it is readily accessible from the land adjacent to it. As a result, there are a variety of groups of fishers that want access to the resource, for instance:

- ITQ owners/fishers
- Indigenous
- Recreational

In addition, allowance needs to be made for any IUU fishing.

The Commercial abalone fishery around Australia is managed by a TAC/ITQ system which depends on accurately calculating the available abalone resource in order to fairly and equitably allocate an amount to each group.

The only accurate data that can be obtained is from the commercial sector from size distribution and CPUE data. Indigenous, recreational and IUU can only be a best guess.

The Commercial sector consisting of ITQ owners and fishers has been described above and is easily regulated and policed.

Indigenous harvesting for traditional use is allocated differently by the various jurisdictions and commonly is by a permit system and the quantity may vary.

Recreational fishing is controlled by a recreational license but due to the large number of fishers and multiple points of access is difficult to police. Typically, the catch is limited by a minimum size and daily bag limit. There may also be possession limits. As noted, there are a large number of recreational fishers and there is a danger that serial depletion will occur at easily accessible sites. To counter this some states have limited the numbers of days that recreational fishers can access the resource.

In summary,

- Community fishers in all states have the ability to access the resource. Different access conditions across the states require different resource protection methods across the harvest areas to ensure the sustainability of the resource.

Whether the current system disempowers small fishers and benefits large interest groups.

Abalone fisheries in all the harvesting states operate under the ITQ model. Initially, at the time of implementing the ITQ model, the existing operators were allocated an equivalent number of units of equal weight so their “Quota” may have been 20 units of 1,000kg with the number of units being fixed but the weight variable depending on the value of the TAC. Over time, the transferable part of the ITQ may have been exercised and units were transferred at an agreed price. States had different requirements for the diving entitlement. For instance, Tasmania separated the diving entitlement from the quota units, whereas Victoria required that a diving entitlement must have at least 5 quota units.

None of the states placed any restriction on who or what could purchase a quota unit although a corporate entity would typically need to be an Australian registered business.

Since anyone can buy a quota unit on the open market there is no restriction on small fishers from operating in the fishery although a person with one or a small number of units may need to employ a person with a dive entitlement to catch the quota if they don’t own one.

Having a large number of units may in fact be a disadvantage because no single processor may be able to process all your fish and it may be necessary to spread your catch between several processors which may not produce the best return.

A small quota holder has the same negotiating power as a large holder and might have a greater degree of flexibility.

The enforceability of ecological value on the current system, and the current system's relationship to the health of the fishery.

The abalone fishery and processing sector depend on the products harvested and produced being eligible for export. If the export certification were to be withdrawn, the value of the industry would collapse both in value and volume since the Australian market for abalone products is unable to absorb the potential harvest.

Export certification depends on a fishery complying with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). An independent assessment of all export and all Australian Government managed fisheries is required. These assessments ensure that, over time, fisheries are managed in an ecologically sustainable way.

According to the Department of Climate Change, Energy, the Environment and Water’s website:

The assessments are conducted against the 2nd edition of the *Guidelines for the Ecologically Sustainable Management of Fisheries* (the Guidelines). The Guidelines outline specific principles and objectives designed to ensure a strategic and transparent way of evaluating the ecological sustainability of fishery management arrangements.

To satisfy the Australian Government requirements for a demonstrably ecologically sustainable fishery, must operate under a management regime that meets Principles 1 and 2. The management regime must take into account arrangements in other jurisdictions, and adhere to arrangements established under Australian laws and international agreements.

The regime should:

- Be documented, publicly available and transparent;

- Be developed through a consultative process providing opportunity to all interested and affected parties, including the general public;
- Ensure that a range of expertise and community interests are involved in individual fishery management committees and during the stock assessment process;
- Be strategic, containing objectives and performance criteria by which the effectiveness of the management arrangements are measured;
- Be capable of controlling the level of harvest in the fishery using input and/or output controls;
- Contain the means of enforcing critical aspects of the management arrangements;
- Provide for the periodic review of the performance of the fishery management arrangements and the management strategies, objectives and criteria;
- Be capable of assessing, monitoring and avoiding, remedying or mitigating any adverse impacts on the wider marine ecosystem in which the target species lives and the fishery operates; and
- Require compliance with relevant threat abatement plans, recovery plans, the National Policy on Fisheries Bycatch, and bycatch action strategies developed under that policy.

It is incumbent on the abalone fishery to ensure it operates in ecologically sustainable way

Whether the current system results in good fishing practice that is ecologically sustainable and economically dynamic, and produces good community outcomes

While the abalone resource is owned by the crown and hence the people, the ITQ system has instilled a sense of ownership of the resource by the ITQ owners and therefore a willingness to take action to promote the sustainability of the resource.

It is in the interest of the ITQ owner to ensure that the resource remains viable in the future in order to maintain a value in the ITQ so that when the ITQ owner decides to sell the ITQ there will be a commercial value attached to the ITQ.

An open access system would not foster such an attitude which would be particularly dangerous for such a slow maturing sedentary fishery. It typically takes 4 to 5 years for an abalone to reach maturity and contribute to any significant amount to the biomass of the population. Between the time when a juvenile emerges from the cryptic habitat and maturity, it is vulnerable to harvesting and unfettered fishing would quickly reduce the population to the point of non-viability. It might be the case that not all the population has been removed but abalone must aggregate to spawn effectively and if there are too few specimens, the population will eventually die out. This has happened in the Californian fishery where certain species of abalone have been fished to the point of extinction.

It is essential that a solid system of resource management is in place to ensure that the fishery is sustainable. The TAC/ITQ system is one such system. In the case of abalone it is the most practical system and has been shown to work effectively, especially in more recent times when better method of data collection have been developed to better set TACs.

The Australian community is not a big consumer of abalone, and the main market remains export. Abalone is a major ingredient in Chinese banquets and commands high prices. To provide the best return to the community which owns this resource it is essential to maintain the export markets and return the export income to the Australian economy.

Any other related matters

A distinct advantage afforded to holders of ITQs in the abalone industry is that banks will accept them as an asset and lend against their market value. This allows a small holder or new entrant to purchase an ITQ quota unit without having to risk their family home.

ITQs can also afford security to a processor by allowing them to accumulate some quota units to ensue that a certain quantity of product will be available for processing each year or to give the company the stability needed to invest in future processes, new products, markets and factories and to explore new opportunities as they arise.

President

Brad Adams

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