



The Hon Mark Furner MP
Minister for Agricultural Industry Development and Fisheries
and Minister for Rural Communities

Our ref: 04070/21

11 MAR 2021

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

Dear Committee Secretary

Thank you for the opportunity to provide a submission to the inquiry on fisheries quota systems. I understand that the Rural and Regional Affairs and Transport References Committee will provide a report on the inquiry by 24 June 2021.

Please find attached the Department of Agriculture and Fisheries' response which provides facts and information on relevant Queensland issues. I look forward to reading the final report.

Yours sincerely

MARK FURNER MP
Minister for Agricultural Industry Development and Fisheries and
Minister for Rural Communities

Att (1)

Sustainable Fisheries Strategy

2017–2027

Government's role in managing fishing

The Queensland Government is committed to ensuring fisheries resources are managed in a sustainable and responsible manner that recognises the interests of all Queenslanders. The common property nature of fisheries resources means government has an obligation to ensure the resources are protected from over-exploitation, so they may be enjoyed in perpetuity, while sustaining viable industries and fishing experiences in the long term. The aim is to not only protect these resources, but balance their use to ensure access is managed for people wishing to utilise those resources. Within these limitations there are a number of approaches that can be adopted to manage the resources on behalf of the community.

One of the challenges for any government is that fishers often act in their own self-interests, and contrary to the common good of all owners of the fisheries resources, as there is no immediate cost to them of their actions (the tragedy of the commons). This results in a number of perverse incentives, such as a race to fish and low grading of product, which threaten the sustainability of the resources and increases the tension between recreational and commercial fishing sectors.

In the absence of government intervention, fishing would be unrestricted, with the ultimate consequence that stocks would be fished down to the point of collapse. The needs of the present generation have to be weighed against the responsibility to guarantee that the fishery will be there for the shared use of commercial, recreational and traditional fisheries for future generations.

Queensland's fisheries resources are managed on behalf of the community by the Queensland Government in accordance with the provision of the *Fisheries Act 1994* (the Act). The Act, and its subordinate legislation, provide the framework for the current fisheries management program, governing the conduct of commercial, recreational and Indigenous fishing in Queensland and protecting vulnerable and iconic fish species and habitats.

Types of fishing controls

Queensland's fisheries have traditionally been managed by 'input controls'. These are limits on the number, type and size of boats and fishing gear and the areas and seasons in which fishing is allowed. Their purpose is to indirectly restrict the ability of fishers to catch fish, thereby ensuring that over fishing does not occur.

In contrast, 'output controls' place direct catch limits on those participating in the fishery. In 2016-17, the Australian Government asked the Productivity Commission to undertake a public inquiry into the regulation of the Australian Marine Fisheries and Aquaculture Sectors. Recommendation 3.1 stated "*The State and Northern Territory Governments should establish individual transferable quotas as the default management system for each of their fisheries. If this is not technically feasible or would not be cost effective, governments should adopt individual transferable effort systems, or otherwise a management approach that permits as much flexibility as practicable in the trading of fishing rights...*".

Individual Transferable Quotas (ITQs) involve a quota for each fisher, which effectively provides each fisher with an entitlement to a known share of the fishery. The use of ITQs removes the need for fishers to compete with one another for a limited supply of fish and thus gives them more freedom to choose their own style of operation and, in some cases, their method of fishing. ITQs can be traded to allow fishers to increase or decrease their share of the fishery as their needs change, and at the same time allow fisheries managers to adjust the total amount of fish that can be taken from the fishery, should this become necessary.

Output controls, in the form of property rights, are considered the most economically efficient form of management. This is because they provide a direct incentive to fishers to behave responsibly in order to protect the future value of their asset, while removing the incentive to over-invest in fishing boats. They can, however, encourage concentration of quota ownership, resulting in changes in the nature of the industry that may result in social and economic impacts at regional levels.

Unrecorded catch and "high grading" (where smaller fish or less valuable quota species are dumped overboard and fishing continues) can be major problems where output controls are used. A further problem with quotas in multi-species fisheries is that the catch of some quota species may continue to occur until a fisher's quota for all species is exhausted, leading to increased mortality of the species most requiring protection, i.e. those for which the quota is smallest.

These problems can only be overcome if a comprehensive monitoring and compliance regime is in force. For this reason, effective output control regimes are generally more expensive to administer than those based on input controls. This is even more so where the fishery is geographically extensive and a greater number of ports are available to fishers to land their catch. ITQs may be quite impractical in such circumstances.

While output systems are likely to optimise economic performance, there is increasing concern that they do not always allow social or wider community outcomes to be achieved. In small scale fisheries, the cost of administration may well exceed total benefits. Queensland is continuing to review its management systems and will refine them over time, with a view to delivering the best outcomes, from environmental, economic and social perspectives.

The current approach to fisheries management in Queensland is to replace input controls, which have existed for many years and have become ever more complex, with a combination of input and output controls to ensure the best possible management of each fishery.

Current status of commercial fishing in Queensland

Queensland's fisheries are characterised by: relatively high levels of commercial fishing effort; a high degree of conflict between recreational and commercial fishing; limited recognition of traditional fishing; concerns about the impact on non-target animals from the conservation sector; and issues with economic performance.

Queensland has by far the most number of licences compared with any other state or territory. Unlike fisheries in southern states that have less participants, there are currently 1 665 primary commercial fishing licences active in Queensland. Many of these licences participate in a number of different fisheries, such as trawl; net; line; crabpot; and hand collection fisheries.

Most fisheries are subject to input controls limiting the numbers, size and design of the apparatus. The take of some species is also regulated by commercial catch quota. Fishing is further restricted by area and seasonal fishing closures, as well as State and Commonwealth marine park zoning restrictions. Fishing closures are established for a range of reasons, including protection of spawning stock, habitat and non-target animals and to reduce conflict between recreational and commercial fishers.

While a range of fishing businesses operates in Queensland, many are small family-based enterprises. They often operate in multiple fisheries, using a variety of apparatus and targeting multiple species, usually on a seasonal basis. Production is marketed locally, interstate and some higher value products are also exported. Many of the factors impacting on the industry are outside the control of both fishers and the Queensland Government. Industry is under considerable pressure from a wide range of factors including:

- rising input costs, especially fuel and labour;
- exchange rate fluctuations;
- competition from imported seafood products from low cost competitors;
- changes in resource abundance from habitat change, competition for the resource between fishers and the impacts on the stock of fishing pressure itself;
- loss of fishing access through marine park zoning, reallocation (e.g. net free zones) and coastal development impacts;
- seasonal impacts and, over the longer term, climate change; and
- complex management regimes from various regulatory agencies.

BDO EconSearch was engaged by Fisheries Queensland in 2018 to collect and analyse data on economic indicators for the commercial fisheries and charter operators in Queensland, covering the 2018 and 2019 financial years. The contribution, including the flow on effects from associated industries, was estimated to be \$413 million in 2019. In the 2019 financial year the industry had generated nearly 4 000 full time equivalent jobs, but had employed approximately 5 500 people in full-time and part-time roles. This includes flow-on employment. More information is available online at: <https://www.daf.qld.gov.au/business-priorities/fisheries/monitoring-research/monitoring-reporting/commercial-fisheries/fisheries-queensland-economic-and-social-data-collection>

Current status of recreational fishing in Queensland

Recreational fishing also takes many forms, from freshwater to marine; offshore charter game (catch and release); inshore guide-assisted fishing; private boat fishing; and land-based activities. A variety of input controls also applies to recreational fishing (closed areas, limits on size/type/numbers of apparatus) and possession and minimum legal size limits.

Recreational fishing remains a very popular activity. When surveyed by telephone, almost 943 000 Queenslanders recalled going recreational fishing in Queensland in 2019. The popularity of recreational fishing has increased amongst Queensland residents 5 years or older, from 15% in 2013 to nearly 19% in 2019. Most of Queensland's regions showed increasing participation rates, particularly the Gold Coast, which increased from 8.8% in 2013 to 13.3% in 2019, a change of 51%. Participation rates for recreational fishing also increased in the northern regions of the state. The Mackay Hinterland (over 38%), Far North Hinterland (over 36%) and Northern Hinterland (nearly 34%) have the highest rates for fishing participation of any region of the state. The data also shows that Queensland's recreational fishers are becoming younger. The percentage of fishers aged less than 14 increased from 20.4% in 2013 to 23.4% in 2019 and those aged 45 years or more decreased from 32.1% in 2013 to 29.9% in 2019. More information about recreational fishing monitoring is available online at: <https://www.daf.qld.gov.au/business-priorities/fisheries/monitoring-research/monitoring-reporting/recreational-fishing>

While there are no universally agreed measures of the value of recreational fishing, recreational fishers make a substantial contribution to regional economies, by purchasing products and services such as bait and tackle, accommodation and food. Recreational fishing activities range from freshwater fishing on dams, to high profile game fishing off Cairns and other major ports. Some smaller towns heavily rely on recreational (and commercial) fishing as a major part of their economy. While there are a large number of clubs and fishing tournaments, most fishing is an individual or small group pursuit.

Management of recreational fishing activity has traditionally relied on a combination of apparatus, possession limits and fish/area specific restrictions. Generally, these measures have been accepted and adhered to by the vast majority of recreational fishers. Recreational anglers generally recognise that the resources should be protected for future generations and should be shared equitably amongst current participants.

Current status of customary / indigenous fishing in Queensland

Fishing is a significant traditional and cultural activity for many Aboriginal peoples and Torres Strait Islander peoples living in Queensland. The strong connection between Aboriginal peoples and Torres Strait Islander peoples and fishing relates to nutrition; cultural connection to country and waters; ceremonial and social events; exchange, trade and barter; and passing knowledge of cultural and traditional fishing to successive generations.

Indigenous fishing rights are recognised under the Commonwealth *Native Title Act 1993*. The *Fisheries Act 1994* contains restrictions on the use of commercial fishing apparatus for traditional fishing. A General Fisheries Permit can be issued under certain conditions to allow the use of commercial apparatus to take fish for customary community events.

To facilitate and encourage the assessment and establishment of fisheries business development projects in Indigenous communities, an Indigenous Fishing Permit (IFP) is available. IFPs provide limited authority to take fisheries resources to allow the permittee to assess business viability prior to them having to acquire full commercial licences. This encourages the permittee to proceed to a fully commercial basis of operation within a reasonable time frame, generally three years.

The unique Queensland situation

While Australian fisheries are largely considered well-managed in the global context, having the world-renowned Great Barrier Reef World Heritage Area on Queensland's doorstep brings with it a higher level of international scrutiny and higher community expectations about the standards of management. Proportionally, a large amount of fishing in Queensland takes place within the Great Barrier Reef World Heritage Area. While protection of our natural assets, such as the Great Barrier Reef, is of critical importance, given the multiple-use nature of the Great Barrier Reef Marine Park, it is recognised that commercial, recreational and traditional fishing can and should continue in harmony with protection of these assets.

Reform program under the Sustainable Fisheries Strategy 2017-2027

The *Queensland Sustainable Fisheries Strategy: 2017–2027* (the Strategy) sets out the government's reform agenda for the next ten years, taking into account the public feedback on the Green paper on fisheries management reform in Queensland (2016), which proposed a new vision for sustainable management and outlined a range of challenges and proposed areas of reform. The vision for the future is: *A modern, responsive and consultative approach to fisheries management ensures fishing is a low risk to Queensland's aquatic resources, and these are used in a way that optimises benefits to the community.*

The Strategy makes it clear there is an important place for a sustainable and viable commercial fishing industry in Queensland. However, the days of unlimited commercial catch cannot continue. While reform means significant change, there are benefits. Fishing will be less of a risk to our ecosystems and our fish stocks will be healthier, more resilient and able to better support a range of fishing pursuits. Commercial fishers will have increased certainty of access; reduced competition for the resource; continued access to export markets; and a more positive investment environment. Queenslanders will benefit from continued supply of fresh, sustainable seafood products and greater confidence that our fisheries are sustainably managed.

Progress reports on implementing the Strategy and detailed information about the fisheries reforms and new harvest strategies being introduced in line with the Strategy are available online at <https://www.daf.qld.gov.au/business-priorities/fisheries/sustainable>.

Quota managed fisheries

The Strategy proposed reforms in a number of areas, including fishing rules. As a general rule, fisheries should move to more output controls and quota management, as these more directly control catch and allow fishers to catch their allowable limit in the most efficient manner. Even if output controls are the main management technique in place, some input controls, such as gear, area or vessel limits, may still need to be retained. However, these should be kept simple to reduce complexity of fisheries regulations. In practice, higher risk fishing operations, such as net and trawl, will always have some form of input controls to minimise the risk of interactions with non-target and protected species. This is expected not only by the community, but by the Commonwealth Government and other parties having an interest in Queensland's fisheries resources.

To ensure catch can be limited, rules need to apply to individuals. There are a range of controls, but the preference is towards individual transferable quotas (in the case of the commercial sector) if feasible. Mechanisms for allocating access may be administrative, such as based on catch and effort data, or may be market-based, such as auctions.

For more information about quota managed fisheries in Queensland is available online at: <https://www.daf.qld.gov.au/business-priorities/fisheries/sustainable/quota-managed-fisheries>

Recent legislative amendments to introduce quota to key Queensland fisheries

Consultation and discussion of alternatives for the recent introduction of quota for Queensland fisheries explores in greater detail the rationale for the role of quota in Queensland fisheries management.

Consultation on proposed legislative amendments

In March 2018, public consultation was undertaken to seek feedback on reforms to the east coast inshore, east coast trawl, and crab fisheries, and a management review of the reef line fishery. The proposed reforms included splitting the management of some fisheries into regions; introducing quotas or limits on fishing days; improving fishing gear technology; reviewing fish size and possession limits; and temporary/flexible closures for fishing. Almost 500 online survey responses were received and 340 face-to-face meetings were held across the state.

In releasing the final Discussion Paper, a Supporting Impact Statement was also released outlining the objectives; summarising the consideration of all the options, the benefits and impacts of the proposed changes; and including more detailed analysis of the more significant proposed changes. These include dividing fisheries into regions, allocation of effort units (the number of nights allowed to fish), and reporting requirements.

These discussion papers and results of consultation are available online at: <https://www.daf.qld.gov.au/business-priorities/fisheries/sustainable/fisheries-reforms>

Fisheries Legislation Amendment Regulation 2020

Adjustable commercial catch limits are critical to implementing effective harvest strategies, as they enable fisheries management to better control fishing pressure on different fish stocks or parts of a fishery, to ensure sustainability and meet fishery objectives. Implementation of harvest strategies is a condition of a number of Commonwealth Wildlife Trade Operation (WTO) approvals that are required for exporting seafood.

A number of significant changes are achieved by the introduction of the Fisheries Legislation Amendment Regulation 2020, to implement harvest strategies and meet the conditions of the Commonwealth WTO approvals under the EPBC Act, including to:

- establish new management regions for the Queensland crab, east coast inshore and east coast and Moreton Bay trawl fisheries. The existing fishery symbols (C1, T1, T2, M1, M2, N1, N2, K, N10, N11, N12) that provide access to these fisheries will not be restricted. However, commercial fishers will need to comply with the catch or effort limits and fishing rules that apply to each of these new management regions;
- allocate Individual Transferable Quota (ITQ) for the commercial crab fishery and east coast inshore fishery for seven species: mud crab, blue swimmer crab, barramundi, king threadfin, grey mackerel, school mackerel and whiting. Allocating ITQ for these species means that individual fishers are allocated a share of the stock based on their historical catch of the species (i.e. their catch history). Once allocated, ITQ can be traded through normal market-based processes. Currently, there is no limit on many major target fish species, no certainty for commercial fishers to allow business planning, and significant competition and conflict on the water. As long as commercial fishers comply with the new ITQ arrangements and sustainability catch limits, they still have the opportunity to supply quality locally caught seafood to Queenslanders.
- regionalise the existing east coast trawl effort units to four new management regions. Trawl fishers will still have exactly the same number of nights (or effort units) that they hold now, but, from 1 September 2021, the effort units can only be used in the trawl management region to which they relate. This is necessary to manage fish stocks on a regional basis. To minimise the impact of the reallocation, unused (or inactive effort units) will be allocated to the four trawl regions based on a nomination process.
- allocate new effort units for use in the Moreton Bay trawl region. Currently, Moreton Bay trawl fishers are permitted to fish during Monday to Friday every week on an input control management basis. Issuing effort units for this trawl region ensures that all trawl fisheries on the east coast are managed consistently to control the amount of trawl fishing based on sustainable effort limits. The allocation of effort units for the Moreton Bay trawl region is based on historical catch. Given historical catch levels are below the estimate for maximum economic yield (around 8,500 units) these additional units will be allocated equally between M1 and M2 licence holders (i.e. 50% to M1 and 50% to M2) which represents the historical use of the fishery by the two different fleets.

A number of alternatives were considered on a fishery specific basis, as part of initial consultation on issues, objectives and options in March 2018. The explanatory notes for the Fisheries Legislation Amendment Regulation 2020 outline the exploration of alternatives and the rationale for the new quotas . The detailed explanatory notes are available online at: <https://www.legislation.qld.gov.au/view/html/published.exp/sl-2020-0236>.