



COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE ON TREATIES

Reference: Long-line tuna fishing

CANBERRA

Monday, 16 September 1996

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON TREATIES

Members:

Mr Taylor (Chair)

Senator Abetz	Mr Adams
Senator Bourne	Mr Bartlett
Senator Carr	Mr Laurie Ferguson
Senator Denman	Mr Hardgrave
Senator Ellison	Mr McClelland
Senator Neal	Mr Tony Smith
Senator O'Chee	Mr Truss
	Mr Tuckey

For inquiry into and report on:

The subsidiary agreement between the government of Australia and the government of Japan concerning Japanese tuna long-line fishing 1996 and the agreement on the establishment of the Indian Ocean Tuna Commission.

WITNESSES

MACARTNEY, Mr Peter Moore, Audit Manager, Australian National Audit Office, Centenary House, 19 National Circuit, Barton, Australian Capital Territory 2600	204
MEERT, Mr John, Group Director, Australian National Audit Office, Centenary House, 19 National Circuit, Barton, Australian Capital Territory 2600	204
ROWLEY, Mr Michael Hebborn, Managing Director, Fortuna Fishing, PO Box 933, Mooloolaba, Queensland 4557	218

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Present

Mr Taylor (Chair)

Senator Abetz

Mr Adams

Mr Bartlett

Mr Laurie Ferguson

Mr Tony Smith

The committee met at 9.29 a.m.

Mr Taylor took the chair.

MACARTNEY, Mr Peter Moore, Audit Manager, Australian National Audit Office, Centenary House, 19 National Circuit, Barton, Australian Capital Territory 2600

MEERT, Mr John, Group Director, Australian National Audit Office, Centenary House, 19 National Circuit, Barton, Australian Capital Territory 2600

CHAIR—I declare open the public hearing of the Joint Standing Committee on Treaties. As I have pointed out in previous meetings, we are now well advanced on this bilateral agreement hearing. We have had a hearing here in Canberra, we have been to Hobart and next week we will be travelling to Perth and Port Lincoln. We then intend to have a wrap-up hearing here in Canberra before we finally table our report on 4 November, so we still have a fair amount of work to do. I think it would be fair to say that, at this stage, we are very happy with the status of the inquiry which is, I think, steering us in appropriate directions.

Welcome, Mr Macartney and Mr Meert. We do not have a written submission from you, so we are just going to refer back to Audit Report No. 32. John, do you have a short opening statement to make, or do you want to go straight into questions?

Mr Meert—Maybe it is worthwhile to put the audit in context by saying that the audit is basically one of dealing with the efficiency and effectiveness of fisheries management. It is certainly not about going into policy. Initially, the audit was started because we had not, as an office, looked at fisheries management previous to that. The specific treaty which is the subject of this inquiry also was not part of the audit per se. I will leave it there and just deal with questions.

CHAIR—I will refer first to the management advisory committees which are an integral part of AFMA's consultative approach in terms of fisheries. In the report, you make some mention of some of these. What do you see as the major problems in the membership of the southern bluefin tuna MAC and what needs to happen to rectify them? I suppose an extension of that is: to what extent is appropriate decision making being affected or not within that MAC?

Mr Meert—I might get Peter to deal with the specific question on the bluefin tuna. But, just to put that question into perspective, the issue with MACs regarding the decision making process is the need to be, and to be seen to be, independent, to have proper judgments and proper management processes. So in a sense, what I think the report is saying is that they need to carefully look at the membership of the MACs and to make sure that the, I suppose, policy direction is served by that decision making process. So that is just the broad thing now—it is not just with MACs but with any boards that people might want deal with in respect of bluefin tuna.

Mr Macartney—We did not specifically look at the southern bluefin tuna MAC—we looked at the way all the MACs worked.

CHAIR—Perhaps you could interpolate.

Mr Macartney—I will be able to do that. As advisory bodies, we have no concerns about the way they are made up. It would appear as though they are being delegated more and more authority. When we investigated them, when we examined the structure in which they were operating, we found that the MACs were significant agenda setters for the Australian Fisheries Management Authority board meetings. So it is a much more powerful and significant position than just being an advisory body. That being the case, looking at the overall membership, the largest representative group on each of these—and this was for a very good initial reason—the industry members. If they are going to be moving into such a significant agenda setting role, we think—and if you read AFMA’s corporate plan, they actually think so too—the membership representation should be broadened on them. That is why we did not actually make a recommendation about the MACs. We actually supported the direction in which the corporate plan of AFMA was going.

CHAIR—We will take that up with AFMA when we recall them in the next couple of weeks.

Mr Macartney—There was one significant area that the MACs were involved with that we thought was inappropriate, and that was with respect to the development of surveillance compliance budgets. These budgets are determined each year by the board, by the Australian Fisheries Management Authority Board. They determine how much money is going to be spent on air, land and sea surveillance for whichever fishery and they are on a fishery by fishery basis. The way the board has organised recommendations for decisions coming to them is almost 100 per cent through the MACs. That means, if they stay to that way of working, even the surveillance compliance budget is being recommended by the MAC to the board.

Quite frequently, the members of the MACs are either people likely to be subject to that surveillance compliance work or are associated with people who will be. We do not disagree that the MACs, with their industry members, have a significant say in the way they think surveillance compliance should go. But we think that the surveillance compliance budget should come through the officers in the Australian Fisheries Management Board and that people who could be subject to the surveillance compliance in which the budget is related to, should be, and should be seen to be, distanced from directly recommending how much money is spent on surveillance on themselves.

CHAIR—In regard to surveillance, where do Coastwatch, the Department and Defence et cetera become involved in the process? Are they just clients to the decision, or are they involved in the decision as well?

Mr Macartney—The surveillance compliance budgets that I was referring too are ones that are organised between the Commonwealth and the states. The ‘Commonwealth’

contracts, because there is no official contract, the state fisheries inspectors under the Commonwealth legislation. In some cases, the police, local state police or Northern Territory police are involved but in most cases it is the fisheries officers of each one of the states agencies. The work with Coastwatch and with the Department of Defence is a totally separate thing and it is funded totally separately. It is more related to foreign fishing as opposed to domestic fishing, although in southern bluefin tuna's case there are a lot of foreigners involved.

CHAIR—I see, yes.

Mr ADAMS—Just along those lines, you are saying that because the MACs set the budgets or influence the budgets, you do not think that is a very good direction, or a very good policy making situation? Is there any evidence that that does not work?

Mr Meert—What I think we are really getting at is the risk management. If you have a body which is advising on review investigation, what we are really saying is you need take into account the risk of the membership of those bodies. It is not suggesting, and certainly we have got no evidence to show, any impropriety.

Mr ADAMS—It is a pretty strong assertion though, John, that this is not the best way to go, that we should be going in some other direction, but there is no evidence to suggest that what has already been happening is not working.

Mr Meert—I suppose it is like any internal audit committee external audit evaluation. If you make up those committees or boards, again the basic principle is that you need to take into account the membership of those boards. There has to be some independence. If there is not, if you have a membership of interested parties, you need to take that into consideration. How you do that is really up to management, but I suppose the underlying theme here is that you need to consider it.

Mr ADAMS—The report, at page 4 volume 1, talks about limits placed on fishing and viable catch levels rather than precautionary stock assessments. Could you comment on that. Do you think we should be using precautionary stock assessments?

Mr Macartney—I see, it is the last point:

Analysis of AFMA's decision-making regarding the limits placed on commercial fishing are, almost without exception, set in favour of maintaining viable fish catches even in the face of precautionary or contrary stock assessments.

Did we send a second letter to this particular committee?

Mr Meert—I do not know.

Mr Macartney—We were asked by AFMA to actually provide evidence directly

related to that on a fishery by fishery basis. The committee that is actually making the inquiry just on AFMA would have received that, and the minister would have. I do not know whether we have sent it here; it sounds like we have not. I should be able to summarise what we are able to do.

In the fisheries, where total allowable catches are being set, we found—we are getting off southern bluefin tuna here; we are getting onto all the other fisheries—that our total allowable catches were being set and that fishermen, over the last three or four years that AFMA has been in place, have never been able to catch up to that limit. In some cases, the total allowable catches are actually set even higher in the following year, even if the fishermen, through their catch records, indicated that they could not catch anywhere near the limit that was set. So, one year or two years, fair enough—it could have been a bad year, a bad time, and markets are different. But over the entire life of AFMA, we found that the total allowable catches were, almost without exception, higher than the fishermen were ever able to catch. So we thought the total allowable catches were perhaps not very useful in that situation.

The stock assessments for a lot of the fish indicated they did not know what the status of the stock was. They were uncertain, unsure and unclear. Very few were very clear as to the status of the stock and they set the total allowable catch based upon that.

For a lot of the other fisheries where our total allowable catch is not set, we had a lack of information from AFMA about what their overall strategy was. We went through with the fisheries managers on a fishery by fishery basis and asked them where they were going and what they were doing. And almost variably they said, 'We are maintaining the status quo.' 'What is the stock assessment?': 'We don't know. We're still working on it; it is not as if we don't know now but we've got things in train to help us find out in the future.' That is a fair enough statement.

The status quo means the same fishing level. So, almost without exception, we found that the limits placed on fishing were set in favour of maintaining a viable catch. In a lot of situations there were either precautionary or contrary stock assessments for those fisheries. We will get that information.

CHAIR—Could we have a copy?

Mr Macartney—Yes.

Mr ADAMS—You are saying that they were against stock assessments?

Mr Macartney—There is one particular case of southern shark—we are way off southern bluefin now—where the stock assessment was for school shark. Gummy shark was indicated by the stock assessment. One of the stock assessments was regarded as being less than adequate; the other was regarded as being adequate. We found with that

information and with the control regime that AFMA put in place that almost invariably the catches were higher, and that was one example. There are 120 commercial fish caught. We can go through them one by one but—

CHAIR—It would help the committee if we could have a copy of that.

Mr BARTLETT—The audit report argues that the penalties are not strong enough to discourage breaching of catch limits. On what evidence do you base that statement?

Mr Macartney—On reviews that have already been carried out by AFMA and in response to a 1993 Senate hearing on the legislation where it was recommended that at least those penalties should be reviewed because there was a question about them. We looked at previous reviews and government endorsements of recommendations made by previous Senate reviews and asked, ‘What action is happening?’ We examined what was happening and did not find that there was all that much. So we basically got on with it.

Mr BARTLETT—Were there many cases of repeated breaching by the same vessel, for instance, that would indicate that penalties were not significant enough?

Mr Macartney—If I were going to give any information it would have to be in camera. It would be inappropriate for us to talk about that here. If we were in a meeting with surveillance compliance people from AFMA we could discuss that in detail.

Mr BARTLETT—Mr Chairman, would it be possible to get a bit more information on that?

CHAIR—If that information can be given only in camera, we could do that at the end of the Audit Office segment.

Mr Macartney—We have to have AFMA here.

CHAIR—Okay. We will take that on board. We will be recalling AFMA in the next three weeks. We will give them the heads up that the issue that Mr Barlett raises is something that they need to address. If they need to address it in conjunction with you, we will obviously have to have the Audit Office along as well.

Mr Meert—From our point of view, the evidence is really there. It is evidence that we have gathered, but the view about the penalties is really one that we are reflecting.

CHAIR—It is one that we will raise with AFMA. Whether we need to have the Audit Office involvement is something we can decide after we have discussed it with AFMA.

Mr Macartney—There are numerous cases under investigation as we speak.

Mr LAURIE FERGUSON—You do not seem to have been too persuasive with AFMA in the surveillance compliance area. You got complete agreement with only three of the 11 recommendations and there were quite a few disagreements. Have you had any other contact with them beside this formal response? Imagine what they are saying about these recommendations.

Mr Meert—We met with them frequently through the course of the audit and it actually reflects, I suppose to some degree, the length of the audit. Naturally the topic is one which is fairly difficult to deal with; it is not an easy thing to manage. So, yes, there was lengthy consultation between ANAO and AFMA.

Mr LAURIE FERGUSON—What is the thrust of what they are saying? As I say, they do not seem to be too inclined to follow any of your indications.

Mr Macartney—Read the one-liner, which in some cases we had to interpret from their paragraph response. In volume 2 there is usually a paragraph response from AFMA. More often than not, in the ones that they agree with or disagree with in principle, they are already doing a lot of the work that we are recommending in the recommendations. That would reflect the responses we got when we were discussing drafts of these recommendations earlier this year. I suppose the audit office has an aura around it. They thought that if they fully agree with something it would require a full-on, heavy costing formalisation of exactly what they were doing. Therefore, they pulled back on a few of their recommendations, even though we tried to give them advice to the contrary.

The main thrust of a lot of their disagreements is that they did not want to get into a full-on formalisation of a lot of the things that we were recommending; they preferred to do it on an ‘as it occurred’ basis. The AFMA organisation is strapped in coping with all the things that are happening. They have a huge geographical area, so I can understand why they want to take that approach. We found that, in general, if they did not formalise a lot of things that were happening in a much more structured way the guidelines under which the officers in AFMA work and the members of the MACs work on a day-to-day basis would not be facilitated. Does that cover your question?

Mr LAURIE FERGUSON—Yes.

Mr Meert—If you look at recommendation No. 7 it states:

To clarify, formalise and facilitate the generation of statutory management plans . . . ’

There is a disagreement but then AFMA says, ‘However, AFMA has already taken measures which have satisfied most of the recommendations.’ I do not want to get into semantics on it. The fact is that we are interested in the thrust of the recommendation. If you achieve the thrust of that some other way, that is fine.

Mr LAURIE FERGUSON—This class of recommendations 23 to 33 seems to be an area where they do not seem to be taking too much on board, at least at the formal level.

Mr Meert—I agree. Certainly, in the format of the number of disagreements on the recommendations, you are right.

Mr TONY SMITH—First of all, I want to clarify something. You have got the reports there, have you? There are volumes 1 and 2. We do not seem to have those. I suppose we can get them.

CHAIR—We do not yet have them, but we can get them.

Mr Meert—I can leave this one. It has got tags on it, but I am happy to leave it here.

Mr TONY SMITH—Thank you. What is in volume 2?

Mr Meert—It is the detail. We felt it was getting too big; people cannot read it.

Mr Macartney—The report was reasonably critical and we wanted to give AFMA every opportunity to put in as much comment as they possibly could. So you will find almost on every page there is a quote from AFMA to try to give as many sides of the story as possible.

Mr TONY SMITH—Do you have responses in writing to individual things from AFMA? When you talk about ‘agreeing in principle’, have you distilled that from a response?

Mr Macartney—If you page through and find any recommendation, you will find a whole paragraph which is giving their full response. It may actually start with ‘Agree’ or ‘Disagree’.

Mr TONY SMITH—Yes. I see ‘Agree’ and ‘Disagree’ but I am wondering if—

Mr Meert—No, it is in volume 2. There is a full text of AFMA’s response.

Mr TONY SMITH—I am looking at paragraphs 42, 43 and 47 and at recommendation 9, paragraph 3.66(a), which is looking at environmental impact assessments. I am particularly interested in the comments in paragraph 43 where it is stated:

Also, the ANAO found that AFMA has not negotiated a Memorandum of Understanding (MOU) with the EPA as required by the then Government.’

What was that requirement? Was that a statutory requirement?

Mr Macartney—There have been numerous reviews since 1975 when the legislation came in of the Environment Protection (Impact of Proposals) Act. The audit office is in a position where we have already done an efficiency audit on the Environment Protection Agency, and that was tabled about three or four years ago. I happened to be the audit manager who did that one too. We found that the first review—I can go into detail when I get the report—recommended, and successive ones endorsed, the need for developing a memorandum of understanding. More often than not those recommendations were agreed to by whichever government happened to be in place at the time. It is not a legislative requirement; it is a practical requirement. If AFMA referred every decision that they made—theoretically every decision they do make relates to controls on fishing and is environmentally significant; it would be a licence for each individual fisherman—to the EPA, EPA would be swamped; they would be just one agency. The MOUs were recommended by a number of parliamentary committees to sort those things out so that it became an efficient system. We found that since the drafting of the new fisheries legislation there have been no referrals to the EPA and certainly no discussion—and this includes the Department of Primary Industries and Energy—for developing MOUs with respect to AFMA.

Mr TONY SMITH—Effectively, there has been almost an avoidance.

Mr Macartney—That implies I actually know what the AFMA board is thinking. I don't know that.

Mr TONY SMITH—Yes. If it hasn't been done, it ought to have been done, from what you are saying.

Mr Macartney—If you look at AFMA's legislative objectives, their second objective is related to ecologically sustainable development. The 1989 fiscal policy was quite unequivocal about environmental protection involving conservation of the fisheries in that area and making conservative, precautionary type decisions. The then government policy related to ESD, which left nothing to the imagination either. In the Environment Protection (Impact of Proposals) Act there is an obligation on the Minister for Primary Industries and Energy to refer things to the Minister for the Environment if a decision is considered environmentally significant or thought to be environmentally significant. If you follow that down, that places an obligation on AFMA to properly advise the minister. Therefore, they have to be in a position to assess the environmental impact of any of their decisions—not necessarily an environmental impact statement, just assessing the environmental impact. We found that AFMA did not have that capability and hadn't had a system set up to actually make those sorts of decisions. It wasn't surprising to find that no recommendations had been made to the minister to refer anything to the EPA.

Mr TONY SMITH—It seems to me that you have found a lacuna in the

knowledge that they have about the stock assessment situation. There is obviously a gap in the knowledge that they have on the question of stock and the impact of these particular recommendations they are making about fishing for southern bluefin tuna, for example. So there is a gap in their knowledge. Nonetheless, they are making recommendations. Lastly, they are saying, 'We don't want an environmental impact assessment in any event. We disagree.'

Mr Meert—You would have to read, I suppose, their full text to which I will just refer. It is in volume 2, page 49, paragraph 3.36. What they are saying is that while they disagree with the formal MOU, they consider that they have complied in a sense because they have had an exchange of letters. I do not quite know what an exchange of letters is. I suppose from our point of view, if you have got a requirement, the requirement was put in there for good reasons. It would not be for us to say if that reason was put in there by a government then you should ignore it.

In a sense we are saying that you should develop an MOU and you should have a rational decision base which says that the information you are gathering is appropriate. We are not asking anything more than good management would require. If it is an issue of money or resources, that is another matter.

CHAIR—Yes, I think it would be fair to say that the evidence that this committee has received thus far has indicated that the EIS methodology, whilst it is ideal, will be impractical simply because it will take too long to produce. I do not know whether you want to react to that. But also I think that what we have got to be careful about with this committee is that we do not get bogged down in the detail of the broader fisheries review because that is under way with the House committee. Really, in this committee we have got to explore a number of principles, yes, but we have got to home in on the southern bluefin tuna. We will just do that. Whilst a lot of what is being said and is being asked is generally of interest and is pertinent, I think we need to concentrate on the southern bluefin tuna.

In particular, in the report you make the point:

If present legal advice obtained by AFMA has general application to all its fisheries, then AFMA is not in a position to implement a major plank in Commonwealth fisheries policy related to the imposition of fishing controls to protect stocks.

I know that is a broad question that I have just alluded to, but what do you actually mean by that?

Mr Macartney—When we were meeting with the senior officers at AFMA we asked the question, amongst other things, why they did not appear to be adhering to the precautionary principle when setting fish catch limits or controls on fishing. It was a round table discussion that we were having as opposed to an adversary sort of position and they

said, 'Listen, we've tried and it doesn't work.'

Going into it in more detail, the 1989 policy requires conservative decision making in situations where there is a lack of information about the status of stock. That is quite logical. The ESD—ecologically sustainable development—government policy introduces a precautionary principle which basically goes down the same sorts of lines. If you think about it in very colloquial kinds of terms, if you do not protect the fish first you cannot maximise the efficiency of the industry later because you may not have fish to work with. It puts the 'conservation' of the fish first.

Mr ADAMS—But that basically means stopping fishing, does it not?

Mr Macartney—No, it does not.

Mr ADAMS—That is my interpretation of it.

Mr Macartney—It is protection of fish as opposed to conservation.

Mr ADAMS—It basically says that if there is anything that looks like it will harm the stock, you stop fishing.

Mr Macartney—No, I would stick to my comment that that is protection of fish as opposed to conservation of fishing. We will have to beg to differ on that one, I am afraid.

Mr ADAMS—We will differ on that one, yes.

Mr Meert—Can I just qualify one thing: it is not the audit office's position to determine that sort of policy either. All we would be putting forward is that somebody makes that policy decision and then really it is up to somebody like AFMA to determine how it is going to implement that policy.

Mr ADAMS—But the word 'precautionary' has come in from the audit office, has it not?

Mr Macartney—It has come in from the—

Mr ADAMS—Your interpretation.

Mr Macartney—It is actually in the legal advice that AFMA gave us copies of. They gave us an example of—and again this is not southern bluefin tuna—tuna fishing and bell fish fishing in the north-east of Australia where the status of stocks were not well-known and they wanted to maintain some controls and perhaps increase some controls—not stop fishing, but just increase controls. They had legal advice from

Attorney-General's and from a consultant that they would probably be successfully challenged in court if they tried to do that. And the bottom line is that they had to take away their controls and therefore they could not comply with the 1989 fisheries policy. It was as simple as that.

Mr BARTLETT—Given the precautionary principle, your report seems to suggest then that AFMA is not really fulfilling its role adequately. In chapter 4, paragraph 59, you say:

. . . despite stock assessments indicating the status of stocks is uncertain or unknown, there have been only a few decisions which opted for lower catch strategies.

So would you be arguing then that they need to be a lot more rigorous in that respect?

Mr Macartney—That implies I know the full details of all their decision making. It also implies that they actually know exactly the technicalities of fisheries management. What we did was look at the controls they had in place, the fish catches as reported and their overall strategies, especially—and this is not southern bluefin tuna—in the south-eastern fishery where they were setting total allowable catches and were not catching up to it. Then it became quite obvious that there was a message from that information somehow, somewhere.

I do not want to be put in the position where I would say AFMA's decision making is inadequate. I would say we have given you the facts with respect to the controls they are putting in and the direction we think those controls are going with respect to fish catches. We have made recommendations saying that the conservation side of things should perhaps be more greatly represented in those decisions.

CHAIR—In terms of accountability, would it be therefore fair to say that the audit office attitude to the accountability is that you would like to see AFMA err—if that is the right word—on the side of conservation rather than on any other side? Is that what you are saying?

Mr Meert—No. I think what we are saying is that AFMA, in terms of accountability, should consider all sides equally against the policy and it should be accountable for making those decisions. We are not pushing a particular line for conservation or anything. We are just saying, 'In terms of your administration and your processes, you need to consider all sides.' This really goes back to management information decision making.

Mr ADAMS—If there is a quota set for catches and it is not caught, it does not mean that the stock is low; maybe it means that there are not enough boats out there, not enough capital out there, fishing for the fish. Isn't that exactly the same argument?

Mr Meert—It could be. All we are saying is that if you have got some statistical data, it is worthwhile looking at it to see what the reason is.

Mr ADAMS—Sure.

Mr Meert—All we are saying is, ‘Don’t ignore it, have a look at it.’

Mr ADAMS—I thought that you were trying to push the precautionary principle onto it.

Mr Macartney—The precautionary principle actually comes from the policy. So we are pushing the policy as opposed to pushing the precautionary principle.

CHAIR—I am not sure whether you have actually covered the question of national economic impact in either volume 1 or 2, but it would be fair to say that in this committee so far a number of issues have emerged. One is in relation to economic impact and if you have got a comment on that we would be interested to hear it. The second one is a very specific one about fishing zones and I do not think we need go into the fishing zone area with the audit office. But the third one that seems to me to be emerging—and we have not discussed this as a committee yet in coming to any conclusions—is in relation to the periodicity of agreements. In other words, should this bilateral agreement stay at 1, should it go to 2, should it go to 3 and what impact would that have on the overall settings? Does the audit office have a view on that?

Mr Meert—Not on the period, I would say. We would look at the period that has been set for policy; it would not really be for our—

CHAIR—What about economic impact?

Mr Meert—Again, if the economic impact is a direction from policy then what we would be saying again is, ‘You should gather us sufficient information about the economic impact versus the long-term sustainability and the environmental impact and you should consider both sides. You should come up with rational decisions based on proper information.’

CHAIR—To take that a little further, what about the fee that Japan pays, in this case of \$3.45 million per annum, in relation to the outputs for Australia? Do you have a view on that?

Mr Meert—Not really. It would not be for us really to comment on that.

CHAIR—And none of that came out in these reports? It did not get down to that individual species type arrangement, did it?

Mr Macartney—Not really in detail. That is something like the resource matter as opposed to payment for management. We looked at the management regime, and funds are collected from fishermen to pay for that management, so I suspect that the funds paid by—

CHAIR—So it was a straight performance audit within existing policy parameters?

Mr Meert—Not going any broader than that, and also recognising the complexities of an organisation like AFMA that has to deal with very complex legislation, complex policies and difficulty with dealing with states, territories and an industry. I must stress that, because it is only fair, in AFMA's case, to say—

Mr BARTLETT—Just following on Mr Taylor's point, in your opinion would it be fair to say that the management processes have not adequately analysed the cost-benefit comparison of the agreement?

Mr Macartney—I do not know whether it is AFMA's position to do that. They have got a split of responsibilities between DPIE and AFMA, as I think you are aware, and that broader policy aspect is definitely DPIE's. They are definitely policy advisers, and that policy advising was removed from AFMA when they were formed.

Mr BARTLETT—Would you think that if there were a forward analysis done that that would make AFMA's role easier?

Mr Macartney—I do not know whether DPIE have not done one; I did not audit them.

Mr TONY SMITH—Are you satisfied that the quota that has been set for SBT can be strictly monitored and that overfishing of the resource can be eliminated?

Mr Macartney—You are asking whether, irrespective of what the TAC is, it can be actually monitored. I understand that there is quite a large observer program going for having Australian observers on Japanese ships. That is perfect surveillance as far as I am concerned—someone on the ship watching it all happen. Regarding Australian boats fishing for southern bluefin tuna, I do not think we have too many people at all observing on those boats. I think it has been tried a couple of times, but I do not think there is a program in place to have people regularly on those boats. The Australian boats would fall under the normal federal-state arrangements for surveillance and compliance, so it comes back to those surveillance compliance budgets we were talking about whereby at sea, land on the dock, and air surveillance is paid from the Commonwealth to the states to carry out. The only thing I can say about that is that there has never been a formal risk assessment about what is required.

CHAIR—What you did in relation to volumes 1 and 2 was simply within the 200

nautical mile Australian fishing zone, wasn't it? There was nothing further outside the fishing zone?

Mr Macartney—Yes, what AFMA is managing.

CHAIR—Because, to take up your point about surveillance and catch and quotas and all the rest of it, a lot of that catch—particularly of southern bluefin tuna—is on the high seas and surveillance is very difficult. What we have found in the context of our hearings so far is that it is very difficult to see what is happening outside the fishing zone and, therefore, by extension, to understand whether the catch is appropriate, particularly in relation to the conservation side.

Mr Meert—We would look at it only if we had jurisdiction or if Commonwealth money went into monitoring or doing something about that. But at the moment this report is strictly within the fishing zone.

CHAIR—Do you have any further comments? This is the first opportunity this committee has had to get hold of the audit office representation. Do you see this committee and what you understand this committee is about as a step forward in terms of being more accountable in public terms?

Mr Meert—Yes, definitely. If you take the principles of what is in here you might change the methodology, but I think if you stick to the principles in here and you can get better administration and management, yes, I certainly believe that. It has been a good opportunity and I thank the committee for inviting us.

CHAIR—Thank you very much for your time.

ROWLEY, Mr Michael Hebbro, Managing Director, Fortuna Fishing, PO Box 933, Mooloolaba, Queensland 4557

CHAIR—Mr Rowley, I apologise for the vagaries of the airline system and I thank you for coming along to meet with us today. Just for your benefit—as I did mention it generally with the audit office before you arrived—this is the second or third public hearing we have had in Canberra. We have been to Tasmania. Next week we are travelling to the west and then to Port Lincoln on the way back. And, of course, we will, in a few weeks time, be taking further evidence from AFMA, from DPIE and, possibly, from DFAT before we finally wrap up what we have to say to the parliament.

We will be tabling our final report on 4 November. We have still got a little way to go, although I think that from the committee's perspective, the evidence seems to be heading in the way we would like it to head. We have received your submission and that submission is, of course, part of the evidence, and I should ask you if you have any amendments to that submission.

Mr Rowley—No, I don't have any amendments.

CHAIR—What we will be inviting you to do in a moment is to give, if you would, a short opening statement to the committee. And, in particular, it would help me and I am sure it would help my colleagues if you were to spell out what Fortuna is and what part it plays in the industry, et cetera. Perhaps you will now give us an opening statement.

Mr Rowley—Fortuna Fishing, of which I am the managing director, pioneered the long-line fishery in Australia some 10 to 12 years ago. It was originally assisted by a grant from the old FIRTA trust account. And with that assistance, and very active participation by the Department of Primary Industry at that time, we were able to establish an Australian fishery and establish export markets for the product.

We have seen the industry grow from very small beginnings. We are now one of the largest operators on the east coast. We have very large vessels, against Australian standards. We are exporters in our own right and we are operating factories in Cairns and Nelson Bay—which is just north of Sydney—and we are current building a factory in Mooloolaba. I don't think that there is a great deal more that I can add to that.

CHAIR—This committee is, of course, dealing specifically with the Australia-Japan bilateral agreement in terms of southern bluefin tuna. And what we need to be careful of is that we don't get into too much detail in terms of the wider inquiry into the fishing industry, which is being carried out by the House committee. So today we would like to concentrate on southern bluefin tuna and, specifically, your submission. Did you want to make an opening statement about the submission?

Mr Rowley—No.

CHAIR—You are quite happy for us to go straight to questions.

Mr ADAMS—What is the turnover of Fortuna?

Mr Rowley—Two and a half million dollars a year.

Mr ADAMS—In your submission, you mention ‘meaningless historical data’ which has been collected. Would you just like to elaborate on why it is meaningless?

Mr Rowley—It is meaningless because according to the effort put in, so the catch varies. As we look down over the years going back—we have records over the last 20 years almost—you will see that, according to the effort which has been put in, so the catch is determined. So to take a year and say that that year is the best or worst year, without looking at the effort, makes it meaningless. AFMA, at the moment, are using a historic level of catch, without any reference whatsoever to the effort put in to attain that catch—that is what makes it meaningless. The true measure is the CPUE, which is the catch per unit of effort. And we find in the fishery that I am particularly concerned in, that the catch per unit of effort has actually improved over the years, indicating healthy fish stocks.

CHAIR—In relation to the agreement, it talks about unexploited resources. In your submission you make it very clear that, on the east coast, there is no such thing. Would you just like to elaborate on that a little more?

Mr Rowley—In the 10 years that the industry has been growing, it has gradually pushed itself further and further offshore. It originally was based on a coastal stock of fish. In retrospect, it appears to have been a relatively small domestic stock that inhabited the area of about—if you take the east coast—20 miles offshore, where the shelf area lies. This was an attracting place for fish to aggregate, and the feed areas in that area held them there. Over a period of relatively few years, that local stock was fished down and just about fished out. We then became reliant on fish that came in as a consequence of their migratory habits. So we no longer have a localised stock, we have what is virtually a migratory stock, which we are fishing off. This migratory stock is further out to sea and we find that the further out to sea that we go, so we continue to catch. So the Australian vessels have gradually taken up and fished to the outer edge of the Australian fishing zone.

CHAIR—Just to put that fishing zone in perspective, forgetting about Queensland for a moment, down the rest of the east coast it is 200 nautical miles. The continental shelf is about 20 nautical miles off—

Mr Rowley—Yes. If you average it, it is about 20.

CHAIR—So, obviously, you support that fishing zone in the context of domestic resource. What about in relation to the reef area and Queensland: how does that 200 nautical miles relate to the reef?

Mr Rowley—Well, it changes considerably in Queensland. First of all, you have the Great Barrier Reef Marine Park which, at Townsville for example, extends 200 miles from shore, because that is the reef area. We then have another 200 miles offshore which is the Australian fishing zone. So, in fact, to reach the outer edges of the zone in south-east Queensland it is necessary to travel 400 miles.

CHAIR—I see. But you don't have a problem. In fact, it makes it—as a domestic producer or catcher that is—

Mr Rowley—That is not a problem, no.

CHAIR—In fact, it is quite the opposite. It is very much to your advantage, is it not, in relation to—

Mr Rowley—Well, no, it is not. The problem that we have with it is that fishing vessels are slow movers. To travel 200 miles takes you 24 hours, whereas in the southern sector you can be fishing within 2½ hours of leaving port. We would need to travel at least two days in order to fish.

CHAIR—Again, just to complete the east coast—and let us include Tasmania in that—we have had some strong submissions; we took evidence in Hobart a couple of weeks ago on this. It would be fair to say that there is a strong body of evidence which indicates that they would like to extend from the 12 to the 50. How would you react to that? It is the only area, is it not?

Mr Rowley—Yes, I would support that very strongly, based on past experience where we found it necessary to approach AFMA to take the Japanese effort out of 34 south, which took in the horseshoe and came around to the top of Tasmania. That horseshoe was excluded from that area some years ago and—

Mr ADAMS—That was just the 50 miles, was it?

CHAIR—Yes, 50 miles.

Mr Rowley—Yes, it is 50 miles but there is what is called the horseshoe down there and it cuts across there. I would strongly support pushing the Japanese vessels out beyond that 12-mile limit at this stage. Everything that can possibly mitigate against an Australian vessel operating successfully is present in Tasmania. They need all the assistance that they can get to be able to establish themselves.

Mr BARTLETT—You have said in your report that an improving CPUE demonstrates ‘without a shadow of a doubt that stocks are healthy and abundant’; yet other evidence would seem to suggest the contrary. According to AFMA, for instance, Australian fleets very rarely reach their total allowable catch limit. Couldn’t that suggest that the rising CPUE is due to other factors, such as improved technology or changing the fishing zone—where they are fishing—rather than an abundant and healthy stock?

Mr Rowley—There is that consideration. However, we should remember that we are basing our CPUE examination on the Japanese fishing results. Their technology has not changed in 20 years. They are still fishing the same way as they were fishing 20 years ago. All that the Japanese have managed to do in that period of time is to improve the materials of which their fishing gear is made.

They have made no changes to their fishing technology in 20 years. It is a traditional method. They will not change. The methods that we are using and that the Americans are using are generally in use throughout the western Pacific. They are more efficient; they catch better; they are cheaper to operate; and you need less people—all things. One would imagine that they would immediately take hold and take over this type of technology, but this is not the case.

Mr BARTLETT—Is the Australian CPUE improving as well?

Mr Rowley—Yes.

Mr TONY SMITH—I am particularly interested in that last comment you made prior to addressing Mr Bartlett’s question. I suppose flowing from that: do you see the agreement as an inhibitor on the development of Australian fishermen exploiting the resource? I would like you to expand on that comment about everything mitigating against Australian vessels operating in Tasmania.

Mr Rowley—Could you just repeat your first question?

Mr TONY SMITH—The first question is: do you see the agreement as inhibiting the development of fishing by Australian fishermen?

Mr Rowley—Am I commenting only in respect of southern bluefin tuna or are we talking about tuna generally?

Mr TONY SMITH—You can develop both, if you like.

Mr Rowley—The Japanese effort in respect of southern bluefin in southern waters, south of 40 degrees south, is virtually a fishery in which they will continue to have the major effort and major impact. The weather conditions in those areas, the distance from ports, makes it almost impossible for a western style of operation to succeed in those

waters. The conditions are just too bad at the time that the fish are there, for most of the time.

Mr TONY SMITH—Is that because of the roaring forties?

Mr Rowley—The roaring forties, yes. My vessels are among the best on the coast. We have fished down that area and we have no intention of fishing down there again, thank you very much—not south of there. Just to continue that, I personally feel that it is no loss to Australia to have an agreement with Japan over the Southern Ocean. I do not see any difficulty or any problem with that at all on the southern ocean. It is only when we begin to come north of 40 degrees south that I begin to have some reservations.

CHAIR—Are you aware of what the Queensland government has said in relation to this inquiry?

Mr Rowley—No.

CHAIR—It is on the public record, and we would be very happy to give you a copy. In fact, we would welcome your comments on the Queensland government submission. I do not have it right in front of me but, as I recall—we got it a couple of weeks ago—there was a lot of emphasis being placed on the enhancement for recreational fishing in terms of Queensland. I think we would like to hear what you have to say about that, because obviously you may have a different view. How closely do you work with DPIE in the Queensland area?

Mr Rowley—Not at all. Basically, we are new boys in Queensland. Our operations up until two years ago were entirely based in New South Wales. We have no reason to talk to them. They have no reason to talk to us. Their interest and expertise in the tuna industry would have to be second-hand.

CHAIR—I see. Therefore, I think it is very important that we get your views on what they have said.

Mr Rowley—For example, if you are talking about southern bluefin tuna recreationally, there has never been a southern bluefin tuna caught in Queensland.

CHAIR—Let me just read to you what they said in their recommendations:

That the Commonwealth amends the Fisheries Management Act so that the recreational and game fishing industry can be treated as a commercial activity in regard to achieving optimum utilisation of the resource and maximising economic efficiency.

That is something that we would welcome your comments on. Their next recommendation continues:

That the Commonwealth accepts management responsibility for the recreational game fishing sector of the tuna and billfish fishery off Queensland, as well as for the commercial industry, so that the fishery can be managed as a single entity under a single jurisdiction.

I would have thought that you would have some views on that.

Mr Rowley—Yes.

CHAIR—It continues:

That the Commonwealth undertakes a full assessment of the effects of Japanese longlining in waters off Queensland on the tuna and billfish resource itself and on the Australian industries which it supports.

That the Commonwealth also undertakes a full assessment of the relative values of the recreational game, and longline fisheries and their compatibility as a basis for determining the most appropriate management arrangements for the fishery and the degree of access to be allocated to each sector. These assessments should be completed before the agreement with Japan is next renegotiated so that informed decisions can be on such issues as whether Japanese access to waters off Queensland should continue, and if so whether possession of marlin by Japanese vessels inside the AFZ should be prohibited.

The final recommendation states:

That the Commonwealth defers introduction of the proposed management plan for the domestic longline fishery until these actions have been completed.

Bearing in mind that that is referring to broader long-line fishing too, not just the southern bluefin tuna but also the by-catch—albatross, marlin and all sorts of things.

Mr Rowley—I would really like to take that on notice and, if time permits, to provide you with a written submission.

CHAIR—We would welcome that, but we would need to have that in the next two or three weeks.

Mr Rowley—That is okay; that is not a problem.

CHAIR—I think it is important that you be aware of that. Now what about New South Wales submission? They have got the ban on.

Mr Rowley—Three-mile ban in place.

CHAIR—Perhaps what we might do—particularly with Queensland—is to give you the New South Wales submission as well.

Mr Rowley—Certainly.

CHAIR—We would very much welcome your comments on those two submissions.

Mr ADAMS—In relation to the 34 south, why is that 34?

Mr Rowley—It is a line which is convenient. It is Sydney. I do have an addition to the submission; you were talking about amendments. I wondered at what stage you would like to take it.

CHAIR—Do you want to make some comments about it? We will have to formally introduce it into the evidence. Do you want to talk to it in advance of doing that?

Mr Rowley—Unless I am going to come back again, there will be some questions arising out of this.

CHAIR—It really depends on what you say. But go on.

Mr Rowley—Basically what I am saying here is that one of my problems with this agreement is to actually separate off the actual benefit in terms of money. The nearest that I can get to it is \$1 million, which comes down to the bottom line near consolidated revenue. The balance of the moneys is taken up in the costs of supervision and monitoring and all the other attendant costs.

CHAIR—There is a research element as well.

Mr Rowley—Yes, \$300,000 is the research element. Taking that as being the benefit of the access, I am then able to determine the areas. There are three areas of the fishery—the north-east, the west and the south-east. The north-east is generally Queensland, the south-east encompasses all of Tasmania, southern oceans and southern New South Wales and the west is over in the west.

On the basis of the effort which is put into those fisheries by the Japanese, we can determine the measure of their interest or their payment. So for every hook that they put into each individual fishery, there is a cost to them. I have calculated on this basis that the western fishery contributes \$134,000 to the bottom line. The south-east fishery, which again is southern bluefin in Tasmania, contributes \$507,000. These are round figures. The north-east fishery contributes \$315,000. When we look at selling our resource for that kind of money, it becomes a nonsense.

The cost for a Japanese long liner to operate in the Australian fishing zone works out to close to \$120 a day. We in Australia claim to have the highest return on the use of our resource by foreign fishing vessels; actually, I think we have the lowest.

CHAIR—So what you are saying is that that \$1.45 million access fee per annum—

Mr Rowley—It is \$1.3 million.

CHAIR—It is a total of \$1.45 million. Are you saying that that is totally inadequate?

Mr Rowley—Absolutely.

CHAIR—I think it would be fair to say that evidence we have had so far indicates from a number of sources that that is well above other access fees in other sectors as well.

Mr Rowley—Yes. If you take, for example, some of the other western Pacific island nations, they have access fees which are based on tonnages and many different calculations arrive at how much they are paying. But in accepting those access fees those island nations incur no costs. They do minimum monitoring; they do virtually nothing. I calculated that we are getting about 1¾ per cent return. If they pay 2½ per cent, they are getting 2¼ per cent out of it because they are putting nothing back into it. It is like renting your factory. You say, ‘The rent is \$1,000 a week, but I am going to pay for the electricity, I am going to pay for the rates, I am going to pay for the water, I am going to pay for your insurance and this and that.’ So in the end you are actually renting the factory for \$100 a week.

Mr ADAMS—There is also the argument about getting the data to look at management in the fishery. Do you put that into your calculations—getting the data from the high seas?

Mr Rowley—I can only answer you this way: that data has been available for the last 20 years. It is high seas data which is available anywhere. If the fish are not caught, you do not need the data. If the Japanese are not here catching the fish, you don’t need the data. It is as simple as that. The data has escaped you, but so has the fish.

Mr ADAMS—But the concept that we are dealing with here is a treaty to bring together the information to protect the fishery.

Mr Rowley—Well, if you don’t have the people catching the fish, you have nothing to protect.

Mr ADAMS—Quite so, but they are catching the fish and the treaty is about protecting the fish stock and bringing together countries to set quotas on that. Therefore, within our own waters—because we are dealing with a migratory fish—we can’t protect that fishery within our own resources, within our own limit, so we are joining with other countries to protect that fish stock.

Mr Rowley—Yes, I understand all of that.

Mr ADAMS—That is what the treaty is all about. I am just saying that within the monetary terms that you have worked out there, you have only dealt with the economic return. I value your comments, if you think there is any gain in the information.

Mr Rowley—I have no problems, as I said earlier, with Japanese presence in southern waters. That is fish which is not catchable by Australian fishermen. I do have a problem when they move into New South Wales and virtually north of 34 south. As regards the data, again, you are getting to a point where, for example, Australian log book system is put in place at a great cost and at great inconvenience to an awful lot of people to monitor a catch which is so minuscule in terms of the resource it becomes meaningless. There is one tuna purse seiner that delivers fish to Eden that delivers in one trip the whole of the Australian catch. What is the point of looking at this tiny piece of the action when the whole of the action is out there?

CHAIR—What about the \$50 million to \$70 million, if that is an appropriate figure for port access in terms of the multiplier effect? If you were to take your line of attack in terms of excluding them from the north-east sector, what impact would that have on the multiplier effect? I am referring to Nelson Bay, Milton, Ulladulla, et cetera.

Mr Rowley—None whatsoever. There will be no impact whatsoever. In fact, if you freed up port access, you might even make more out of it. I spent some time in Cape Town a short time ago and the government there has been quite aggressive in bringing long liners in and using port services in Cape Town. They have gone to the extent of wielding—I don't know what the cost was—a multi-million dollar facility to hold fish at minus 40 to minus 60 in order that the vessels can use Cape Town as a transshipping point.

CHAIR—That is the same with Hobart; Hobart has that capacity too. So you are saying that you would separate the catch—the quota—from port access in terms of this agreement?

Mr Rowley—Most certainly. I think that is what the Japanese are looking for as well. They are looking for free port access. In reality, there is no reason why it shouldn't be there.

CHAIR—You would also oppose—I don't want to put answers in your mouth—the increase of the quota simply on the basis of experimental, which is what they are trying to push at the moment. Do you see that as a bit of a nonsense?

Mr Rowley—I do have a very high regard for the Japanese systems, their controls and the way they go about their business, and I respect them for it. They have a unique way of dealing with these problems and they present a united front. Their decisions are not taken lightly. They are group decisions. If they are indicating that they think there is

an opportunity for a substantial increase, I would be saying, 'Let us creep at it.' I would not be saying, 'No'. I would be saying, 'Let us increase it incrementally and continue to monitor in the way that it is being monitored so that we can measure it.' There is no doubt at all that the southern bluefin tuna is on its way back, if you can put it that way. There is no question, just from the point of view of fishing experience.

Mr ADAMS—We think that other issues get a bit involved in decision making. People are extremely concerned about the loss of the albatross and also the by-catches of marlin. We saw the Queensland government's submission which is concerned about the takeover of the Coral Sea and how that affects marlin catches, and others, I should imagine. Maybe those things are impinging on some of the pressures on this fishery and the reasons why people are saying that the stocks are not there, et cetera. It might come from these other issues that are about.

Mr Rowley—One of the problems is that the game fish lobby wants there to be a problem. That is the problem. They want to have a problem. There is not a problem but they want to have a problem.

Mr ADAMS—Why would they want that?

Mr Rowley—Because they themselves are the greatest exploiters of that resource and their claims have never been proved. They have no evidence whatsoever of their methods of fishing and the ability of the fish to survive those fishing methods. We know full well there is no problem with the marlin resource. There is no problem with the tuna resource. There is no problem with yellowfin, bigeyes and albacores. Tuna are the rabbits of the sea. They are multiple spawners. They spawn millions of eggs in a season. They come to maturity at a very early age. The take in the western Pacific, which is currently over a million tonnes a year, can be sustained and will be sustained, and has been sustained. There is really no great concern. When the fish mature they go into a subsurface fishery. In the subsurface fishery they are less vulnerable to exploitation. It becomes a hook fishery, and a hook fishery is a very selective process.

Mr BARTLETT—I am still not convinced of this issue. You certainly seem to be very adamant that the take is sustainable yet other evidence we have had really casts doubt on that.

Mr Rowley—I cannot image where that evidence could possibly come from. Because all the indicators and all the factors are positive. If somebody can invent some, I would be interested to see it.

Mr BARTLETT—Your evidence is based purely on the catch per unit of effort. You argue that that is convincing evidence.

Mr Rowley—That is the measure.

Mr BARTLETT—You have suggested that it would be worth \$25 million to the Australian industry if the Japanese were excluded above the 34 degrees south line. How do you derive that figure of \$25 million?

Mr Rowley—Within the addition to this submission—

CHAIR—We better just formally take that. Can we copy that?

Mr Rowley—Yes. I have got 10 of them.

CHAIR—Okay, that is fine.

Mr Rowley—My granddaughter put them together so some of them are not necessarily in the right order.

CHAIR—So be it. That is now formally introduced into the evidence.

Mr Rowley—Within this submission, I have valued the total catch in the Australian fishing zone. I valued it on the basis that it was all caught by Australian vessels. We find that the total value of the catch in 1994—which is the latest complete year that is available to us because 1995 was a broken year—was valued at some \$94 million.

Mr BARTLETT—You are confident that the Australian fleet would take up the slack left?

Mr Rowley—No. It will take a long time. I am talking 10, 15, 20 years.

Mr BARTLETT—That figure of \$25 million then would be over that period of time.

Mr Rowley—I am not sure. Let me remind myself where I got the \$25 million from.

Mr BARTLETT—Page 2.

Mr Rowley—According to this resource the Australian vessels would be about \$25 million. Yes, that is the area north of 34 degrees south and that area is capable of full development by Australian fishing within a time scale of probably something like five or six years.

Mr ADAMS—And they would put in as many hooks in as the Japanese?

Mr Rowley—No, not necessarily. Our fishing technology is better than the

Japanese technology.

Mr ADAMS—For calmer waters; outside the south?

Mr Rowley—Yes, definitely. For this, Australia could take over that entire fishery, north of 34 degrees south, within a five-year period.

Mr ADAMS—People would put the capital together to get into the industry, do you think?

Mr Rowley—That is happening every day at the moment. I mean, we have gone from boats that were costing something like \$200,000 to \$300,000 up to boats now currently costing \$750,000, and these are run-of-the-mill boats for the run-of-the-mill operators.

Mr ADAMS—What about the distribution and getting into the export markets and doing the processing?

Mr Rowley—Not a problem.

Mr ADAMS—No problem in that area?

Mr Rowley—No.

Mr BARTLETT—Would your own company, for instance, be investing more in shipping if the Japanese were excluded from that zone?

Mr Rowley—We will be investing more, yes, provided that, by removing the Japanese from the zone, my vessels are permitted to operate to their capacity. At the moment, my vessels are operating for part of the year at one-third of their capacity.

Mr BARTLETT—Why is that?

Mr Rowley—They are operating in an area called area E, and the limit on the number of hooks that you can deploy in area E is 500. My vessels are capable of operating on 1500. The marlin by-catch was the problem. I think we have demonstrated there is no problem with the marlin by-catch. The marlin in the Cairns area are there for a very specific time, and a very specific area. They are there for three months of the year and they are there off Lizard Island and the ribbon reefs. I have a proposal to AFMA at the moment, which closes the fishery for those three months, and allows us to operate economically, outside of that nine months.

Mr BARTLETT—Do you get involved in much export to Japan at the current time?

Mr Rowley—Yes.

Mr BARTLETT—You feel that would expand, then, if you had access to the zone?

Mr Rowley—I can sell every fish that I catch.

CHAIR—But would you switch from the fresh to the deep-frozen?

Mr Rowley—No.

CHAIR—You would still stay with the fresh?

Mr Rowley—Look at it from the economics of it. With frozen, whether you are a foreign vessel coming into this water or an Australian vessel in this water, you have to build a cargo of frozen tuna in order to make a voyage. Take the first tuna that you put on your boat when you begin your voyage; you are going to have that same fish nine months later. You have not been paid for it. You have stored it; looked after it for that nine months. The Australian vessel fishing fresh, in competition with that freezer vessel, will go out there; he will bring his fish ashore; he will be paid for that fish within seven days. He has got the money; he has got the cash flow. In addition to that, he would have possibly received a price something between 40 and 60 per cent better than the price for that fish frozen. So the very economics of the fishery dictate that it is a fresh fishery.

Mr TONY SMITH—You were saying that, because of the weather conditions, it is just really not viable for Australian vessels to operate there. Is that the end of it? Is it just simply a matter of weather conditions?

Mr Rowley—It is. Tasmania has a couple of problems. First of all, you have a double leg on your airfreight when you are trying to get it out of the island. No matter how you come out of there, you have additional costs. You have additional costs of operating because you have to get all your supplies down into there. You have a situation where the number of days Australian style of vessels are able to work is extremely limited.

The southern bluefin fishery is a fishery that you have to search. It is not a matter of simply going somewhere and throwing your line in the water. When you leave your port, you really do not know where you are going. You have some ideas, perhaps you have satellite weather, sea surface temperatures, you have some idea where the Japanese are fishing. You have a few ideas where to go but, literally, you have a window of opportunity to fish and, if you use too much time searching, your window is slowly closing. By the time you find the fish, you then have a short time of actual fishing operations before you turn around and have to come back to port, generally because of the weather. Then you sit in port for another week—or two or three weeks—waiting for

another opportunity.

Mr TONY SMITH—Looking at it philosophically, there is really no capacity for Australian fishermen to get into that area and thus exploit the resource and, there will not be, you concede.

Mr Rowley—I concede that entirely and this is where we come back to: under those circumstances, it would seem to me that an extension of the current 12 miles out to 50 miles would assist the Tasmanian fleet because they would have all the fish that are within striking range.

Mr TONY SMITH—Granted, that follows from what you just said. You then make a couple of comments. One is you talk about tuna maturing at an early age. I have seen evidence directly contradictory to that.

Mr Rowley—No, sir. Impossible.

Mr TONY SMITH—I am sure I have read in these papers somewhere, but I will not be able to find them because most of them are probably back in my office, that it is a slow maturing fish.

Mr Rowley—No, sir.

Mr TONY SMITH—We talk about 34 years, in fact. I am sure I saw that.

Mr Rowley—You are talking about an orange roughy. An orange roughy is a slow maturing fish. One of the species which we are interested in, which you have to be a little bit careful about, is the broadbill swordfish. It is slow maturing and the balance can be and has been disturbed in most of the fisheries that have been developed for swordfish. I am particularly concerned that we should remove the Japanese effort and also the 34 degrees in order to protect that resource of swordfish because that is a resource which will drive the development of your tuna fishery.

Mr TONY SMITH—I am almost certain I have seen contrary evidence, but anyway I will recheck that. Can I also ask you about the cost of \$120 per day. I do not quite know how you work that out.

CHAIR—Perhaps when you respond to us in further comments in terms of Queensland, you might the issue that Mr Smith raises about whether it is an early maturing or late maturing fish. Could you make some comments on that?

Mr Rowley—Let us go to the biological status of yellowfin tuna stocks. Yellowfin tuna inhabit all oceans between 40 degrees north and 40 degrees south. A temperature of 15 degrees is about normal. They do not like anything colder than 15 degrees. Yellowfin

spawn throughout the tropical and equatorial Pacific including the AFZ, north of about 25 degrees south. Spawning may occur throughout the year in equatorial waters but is limited to summer in higher latitudes. Yellowfin caught by handline in Cairns are often in spawning condition. Yellowfin, like skipjack, are also very productive. They grow to 50 centimetres and five kilograms in their first year and 100 centimetres and 15 kilograms in their second and third year. It does not say when maturity is but—

Mr TONY SMITH—There is no distinction there between yellowfin and bluefin. Are you saying that?

Mr Rowley—No, I am not saying that at all.

Mr TONY SMITH—It is the bluefin that you—

Mr Rowley—The bluefin mature later.

Mr ADAMS—That is in evidence we received.

CHAIR—It will help us if you could give us some comments on that as well.

Mr TONY SMITH—Can you tell me about the \$120 per day. With night fishing, does that eliminate the catch of seabirds?

Mr Rowley—Firstly, with respect to the \$120 a day, I am saying that that is what the Japanese are paying to fish that water. That is based on the fact that they are paying 4c a hook and they are throwing something close to 3,000 hooks in the water. So they are paying \$120 a day to be there. They are also contributing substantially, probably another cent a day, to your research fund and perhaps another \$2 to the infrastructure that supports their being there.

In relation to the seabird catch, again, that is limited to the area south of 34 degrees south and more distinctly south of 40 degrees south. The seabird catch in the northern waters is zero. There is no catch. The occasional muttonbird is caught but there is virtually no impact on seabirds. The setting at night certainly takes away all the risks.

Mr TONY SMITH—All the risks?

Mr Rowley—All the risks.

Mr TONY SMITH—The Japanese are apparently catching about 8,000 albatrosses and other birds as a result of this process, a figure which to me seems outrageously high.

Mr Rowley—The albatrosses themselves are not actually diving on the baits. There is another bird called the muttonbird and this bird is capable of swimming to depth. The

hook can actually be down and be past the bird-scaring devices—the tori poles and whatever—and the mutton-bird can still reach the bait. The mutton-bird goes down and picks up the bait and brings it up to the top and that is when your albatross get caught. There is a new development going towards solving this problem. The first one is underwater setting. The baits are set underwater so that the mutton-birds are not attracted in the first place.

Mr ADAMS—Will they come out at the bottom of the boat?

Mr Rowley—Virtually.

Mr TONY SMITH—Is that an expensive or difficult process?

Mr Rowley—It is still being worked on. All I can convey to you is what I am know that industry is doing in order to alleviate the problem. That includes underwater setting and another one that is being developed in New Zealand. They are developing a hydraulic ram that sends the bait down 20 or 30 feet which, again, will help considerably.

Mr TONY SMITH—Do you use the tori poles and do they work?

Mr Rowley—We do not use the tori poles, because we are fishing north of 34 south.

Mr TONY SMITH—So there is not a problem for you?

Mr Rowley—We do not have problems.

Mr TONY SMITH—Do you think they work?

Mr Rowley—In the past, the way that we approached the problem was basically that we shot before dawn. When we were fishing south of 34 south, we put the bait in the water before dawn. We do not have as many hooks as the Japanese, so we cannot really afford to waste our baits. Every bait the bird takes is a wasted bait. And once you collect a mutton bird string on the back of your boat there is a hell of a problem. Whether there is albatross there or not, you have almost inevitably got mutton birds. So we developed a system of shooting before dawn which takes care of the problem; the stuff goes in in the dark and we do not have a problem.

If, for some reason, we have to shoot during the daytime, prior to tori poles we adopted a system whereby we had a couple of bubbles on a line at the back of the boat which created a havoc down at the back and the birds just would not come; they never knew what the bubbles were going to do so they would not even come close to them. That alleviated the problem to some extent. Tori poles obviously do not work 100 per cent otherwise you would not have the problem you have got, because you have a mandatory

requirement for all vessels fishing south of 34 south to be fitted with tori poles.

Mr TONY SMITH—So do you see the only real way of eliminating this problem, apart from those developmental matters, is a requirement to fish to set at night?

Mr Rowley—If I explain it this way: there are some times you can set at night and you can be successful, and there are some times that you need to set in the day. The fish are sometimes specific to certain hours. Our fishing method at this point in time is that we are putting the line in the water in the late afternoon, coming on to dark, and then we are hauling through the daytime. At other times of the year we might be putting it in early morning to fish through the daytime. At other times of the year, we may be putting it in the water close to mid-day. The reasons for this depend on your target species, the area of water that you are working in, the temperature of the water and what is actually in the water.

If you put your line in the water at the wrong time, you can have a totally wasted shot. This is because, during the night time, the bait level rises in the water; it comes up at night. It comes from really down deep, it moves up the water column and it lies at about 50 fathoms or 40 fathoms, sometimes 30 fathoms. In amongst this bait level are a lot of small bitey critters and they will destroy your bait within minutes. And if you are throwing your line into this layer of bait, you are fishing with empty hooks. You need to allow that bait level to go down in the water column, which rises in the evening and goes down in the morning, in order to have your line fishing clean during the day. So I could not say that shooting at night would solve the problem, because if they are shooting at night and they lose all their baits then it would solve every problem—they will not even catch any fish.

Mr TONY SMITH—So you get back to these developmental techniques really, don't you?

Mr Rowley—Exactly.

CHAIR—Thank you very much. I think this has been very helpful evidence, but if you could follow it up with some comments on Queensland and the other issues that we have raised we would be most appreciative. Whether, as a result of what you have to say, we would need to get you back is something we will wait and see, depending on what your further comments bring. But thank you very much, I am sure you have been very helpful to all of us.

Resolved (on motion by Mr Adams):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 11.18 a.m.