



# **HOUSE OF REPRESENTATIVES**

## **STANDING COMMITTEE ON PRIMARY INDUSTRIES, RESOURCES AND RURAL AND REGIONAL AFFAIRS**

**Reference: Management of Commonwealth fisheries**

**CANBERRA**

**Monday, 18 November 1996**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON PRIMARY INDUSTRIES, RESOURCES  
AND RURAL AND REGIONAL AFFAIRS

Members

Mrs Bailey (Chair)  
Mr Adams (Deputy Chair)

Mr Andren	Mr Fitzgibbon
Mr Bob Baldwin	Mrs Gash
Mr Broadbent	Mr Leo McLeay
Mr Causley	Mr Nairn
Mr Cobb	Mrs Stone
Mr Crean	Mr Wakelin

Matters arising from Audit Report No. 32 1995-96 Commonwealth Fisheries Management: Australian Fisheries Management Authority.

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AFFAIRS

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Present

Mr Adams (Acting Chair)

Mr Andren

Mr Nairn

Mrs Bailey

Mrs Stone

Mr Fitzgibbon

Mr Wakelin

The committee met at 8.48 a.m.

Mr Adams took the chair.

**ACTING CHAIR**—I declare open the fourth public hearing of the inquiry by the Standing Committee on Primary Industries, Resources and Rural and Regional Affairs into the management of Commonwealth fisheries. Earlier this year a report by the Auditor-General on the management of Commonwealth fisheries was presented to the parliament. The report was then referred to the committee by the House of Representatives. Our task now is to review the audit report and to inquire into the matters raised by the auditors. We will report back to the House of Representatives with recommendations for any government action that may be necessary to redress either the problems identified in the audit report or any problems that the committee itself may discover.

We come to this inquiry with an open mind about the auditors' findings. The evidence we are taking at these hearings and the written submissions that have been made to us will be important contributions to our review of the issues. The committee appreciates the contributions it has received from the public, the fishing industry and government agencies. Today we will hear from industry participants in the South East Fishery, including the South East Coast Trawl Operators from Nowra, Seafare Australia from Ulladulla, the Osprey Trawling Co. from Eden and the Four Ports Management Committee from Batemans Bay. I call witnesses from the South East Coast Trawl Operators.

[8.50 a.m.]

**BELL, Mr Peter, Member, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**BELL, Mrs Wendy, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**BROAD, Mr Angus, Spokesperson, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**LAVALLE, Mr Joe, Member, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**PUGLISI, Mr Joe, Member, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**PUGLISI, Mrs Joy, Member, South East Coast Trawl Operators, 9 Moss Street, Nowra, New South Wales 2541**

**ACTING CHAIR**—Welcome. Before proceeding, I must say that committee proceedings are recognised as proceedings of the parliament and warrant the same respect that proceedings in the House of Representatives demand. Witnesses are protected by parliamentary privilege in respect of the evidence they give before the committee. Witnesses will not be asked to take an oath or to make an affirmation. However, they are reminded that false evidence given to a parliamentary committee may be regarded as contempt of the parliament.

The committee prefers that all evidence be given in public, but should witnesses at any stage wish to give evidence in private, they may ask to do so and the committee will give consideration to the request. We have received a submission from you and have authorised its publication. Do you wish to make any changes to that submission at this stage?

**Mr Broad**—There are a couple of housekeeping matters, a couple of typographic errors and one matter which I should correct. I will deal with the housekeeping first.

**ACTING CHAIR**—Certainly.

**Mr Broad**—If I can take you to under the heading ‘Economic Efficiency’ and points (i) and (ii). The next paragraph reads:

It is generally suggested that these lead to increased efficiency . . .

I should insert the words ‘removal of these’ so that it reads, ‘It is generally suggested that the removal of these leads to increased efficiency, said to be economic efficiency.’

There is a typographic error in the first line under the heading 'Boom/bust Fisheries'. The Senate inquiry was in 1993, not in 1991. There is an insignificant typographic error under the heading 'Adjustment within the fishing industry'. That does not particularly matter, it is not all that significant.

There is one important matter that I should put to you. There are some figures quoted for imputation on the page after the heading 'Offshore Constitutional Settlements' in the box with the column headings 'Specie', 'Imputation' and 'TAC uncaught'. I have not received a copy of the letter as yet, but I understand that AFMA disputes those figures. It is my understanding that there is no set amount of imputation now under the management provisions of the South East Fishery.

I assume that what has happened is that what might have been imputation may be the subject of individual assessment of fisheries. Whether, ultimately, the figure has changed is one thing. I think the definition of the figure may have changed. It may not be specifically imputation; it may be imputed catch as a result of appeals and, therefore, an administrative decision.

**ACTING CHAIR**—Is AFMA writing to you on this subject?

**Mr Broad**—I understand that AFMA has written to fishermen regarding an article written by me that was published in a magazine.

**ACTING CHAIR**—Let us come back to your organisation. Do you believe these figures?

**Mr Broad**—We believe that there were and there continues to be substantial amounts of catch attributed not as a basis of catch history but as a basis of implied history. The point is that we would suggest that there is a correlation between the catch uncaught and the imputation whether it be by way of administrative decision or otherwise.

**ACTING CHAIR**—In those circumstances, will you let that stand?

**Mr Broad**—I would let those figures stand.

**ACTING CHAIR**—We take on board what you have said as part of your submission.

**Mr Broad**—Mr Chairman, can I make an opening statement?

**ACTING CHAIR**—Yes, if you would like to, then I am sure the committee has some questions.

**Mr Broad**—If I could introduce myself at the outset and then introduce the operators here. I am acting as a consultant to a number of operators in this fishery. Not all our operators are represented here. The operators are all trawler operators in the South East Fishery and their home ports range from Eden through to Greenwell Point—that is, from the far south coast of New South Wales to the mid south coast of New South Wales. I am presently doing postgraduate studies in natural resource management. I am otherwise a solicitor by occupation.

I will introduce the operators from the left. Joe Lavallo operates a vessel. Members of his family—his brother and his sister—operate other trawlers within the fishery, principally from Bermagui at present. Peter Bell is an operator of a 60-foot vessel out of Greenwell Point. On my far right is Joe Puglisi, who operates a trawler out of Eden. Joy Puglisi is on my near right. Her family operate two trawlers and four tuna vessels in the Southern Bluefin and East Coast Tuna Fishery.

Principally, our submission has been directed to the trawl fishery. There is reference to the Southern Bluefin Fishery, but, principally, because of the nature of the operation, we directed ourselves to the South East Fishery.

**ACTING CHAIR**—Would you like to make any further comments?

**Mr Broad**—Not at this stage.

**ACTING CHAIR**—Let me apologise for my lateness this morning. I had one of those mornings.

**Mr NAIRN**—The audit report from the Auditor-General is what you might describe as reasonably critical of AFMA and some of the practices. Would you like to comment on the overall thrust of the report and whether you feel the general theme of the report is on the mark or off the mark? We have a general view on the report from quite a number of the people who have made submissions. I would be interested in the overall feeling of it.

**Mr Broad**—I believe much of the report is on the mark. I also think that the auditor's report ignores some of the principal problems facing fisheries management. Fisheries management is not an easy task. One simply cannot get a handle on a fishery and its dynamics. I think that is one of the weaknesses of the report.

If you go to the short statement on the South East Fishery, I would suggest there are some clear errors in respect of that. I think one of the principal statements is based on an assumption that fishermen are basically naive. One of their statements was to the effect that there should be more attempts to give fisherman a greater understanding of what quota swapping, trading or otherwise opportunities there are. That is very naive. It ignores that the fishery is driven principally by market forces.

The extent of fishing is predominantly governed by whether or not one can make a profit from fishing. The other thing that is obviously a weakness of the report is that it does not take into account seasonal variations in fish abundance. What they tend to conclude is that this is an inefficient fishery, because large portions of the total allowable catches for various species are not caught. So there are some errors, as it were, looking at it in the mathematical sense rather than looking at it in a dynamic sense. Apart from those sorts of conclusions—and if you ask the wrong question, you get the wrong answer—the thrust of it is generally good.

**ACTING CHAIR**—So fishermen know all about the management regime?

**Mr Broad**—Yes, on quota trading certainly. Within the management regime, no, I do not think they do. It is a very complex regime, especially when one comes to the conditions imposed on licences, et cetera.



It is a very complex regime. I think one of AFMA's problems is that they have made more complex a regime which could be simplified.

**Mr NAIRN**—Do you think the fishery management under AFMA is an improvement on the previous AFS or has there not been any improvement?

**Mr Bell**—I would like to answer that. I was representing the industry when the AFS was there and, for a while, when AFMA was there. I would simply say no. While the doors were open in both camps, as the saying goes, to use my own words, I think just as many lies were told by the AFS as there are by AFMA.

**Mr NAIRN**—So you do not think there has been any improvement in the fisheries management at all since the change from AFS to AFMA?

**Mr Bell**—There is improvement in fisheries management, yes. That has gone on with time. That was going to happen anyway, whether AFMA was there or not there. There were going to be changes in fisheries management right throughout Australia and the world, if you look at it that way. It made no difference whether AFMA was there or not. I believe that we do need a body similar to AFMA, yes, to oversee the fisheries of Australia. I do believe we should have that concept. I do not believe the actual workings of AFMA to this stage have been as good as they could be. There seem to be impediments there, and these are my feelings about it as a fisherman. There is a lack of knowledge of the industry. Directions they seem to want to take in the industry are not necessarily the best for the industry.

**ACTING CHAIR**—What are those, Mr Bell? What direction—

**Mr Bell**—They appear to be taking the industry down the line more of the integrated company operations, smaller fleets and what have you. To use my words, if I wanted to grow wheat in the desert out here, I certainly would not get BHP or one of those people to grow wheat out there because they would just bulldoze it down and then you would have a bigger desert before you are finished. I would select a family of nomads from one of the other countries and put them in and they might eke out a living. That is the nature of our fishery in Australia. We have a desert continent and a desert ocean around us, not the third largest area in the world full of fish. It is a myth.

**Mr NAIRN**—So you believe that their management practices and style are aimed at trying to put bigger operations into the fishery and gradually push out the smaller operators.

**Mr Bell**—From where I am sitting, yes, I have got that feeling.

**Mr NAIRN**—Do you think that is an overall policy direction that AFMA is heading, or do you think it is a result of the people who are on the AFMA board, or a combination of both?

**Mr Bell**—I would say absolutely both. I felt it was the policy of the previous government, the way we go. I believed, by the way they selected the AFMA board, that it was going to go down that line, yes.

**Mr ANDREN**—Are you suggesting there that the MACs don't put any sort of meaningful input into AFMA's management?

**Mr Bell**—The MACs in general I cannot speak on. I can only speak on SETMAC itself. My last comment to SETMAC, or one of my last comments to SETMAC was that it was a self-interest group feeding its own needs. I think that sums it up pretty well.

**Mr ANDREN**—So you are suggesting that—sorry, Mr Broad.

**Mr Broad**—If I could interpose, Peter was formerly on the SETMAC committee for a number of years and retired in about 1993 or 1994.

**Mr Bell**—Yes, about 1993.

**Mr ANDREN**—What lack of input did you feel you had as a member of that committee then?

**Mr Bell**—The lack of input, I have already told you my philosophies of the industry and that they did not fit the needs of the MAC or the majority of people on the MAC, nor AFMA itself. Therefore all the proposals, all of the things I had to put up were knocked on the head before it even got off the ground. They were more trying, in the years I was there, to take control of an industry rather than manage it. When I say that, I mean split the industry up to see who is going to own it rather than worry about whether their stocks were being depleted or whether long-term management was the base of all this. No doubt they would deny anything I am saying here because that is only natural.

As a representative—and I say that because I sat in that MAC for quite a while and I looked around the MAC table—I could say quite honestly that I was the only person there quite often representing a body of fishermen, not a particular company. Most of the representatives who were there, other than me, were representing a particular company, so therefore they were pushing down those lines. AFMA had the power to override it any time they wished. They certainly did not wish, so I assumed straightforward that that was the way they wanted to go.

**Mrs BAILEY**—Mr Chairman, could I just take up some of those points? Could I ask for your comments? In your submission when you were talking about consultation, you said:

In the rush to a Plan of Management for the SEF, consultation has already been the first casualty.

Regarding the draft management plan, I noticed it was released to you on 17 October and final submissions are due on 6 December. Could you expand, firstly, on your comment in your submission and perhaps tell us a little of the problems that you have had regarding consultation on that management plan?

**Mr Broad**—The principal problem is this: I have made a habit of going to the SETMAC meetings. I have been to, I think, all meetings this year. In the course of those meetings they have been developing a plan of management—the actual physical plan. Very simply, what has been occurring is that there has been a draft put out by AFMA. It has been commented upon by the members of the MAC but, having watched the

consultation process, basically the MAC is presented with a document—

**Mrs BAILEY**—Could I just interrupt you. Could you tell us exactly what the consultation process was?

**Mr Broad**—The consultation process was this: that the MAC would be presented with a draft of a plan. They, in turn, as far as I am aware, did not consult with the fishermen. They confined themselves basically to correcting wording, correcting typing and those sorts of matters.

The principal example of that was a meeting held, I think, from recollection, in August in Canberra. They were presented with the draft of the plan on the morning of the meeting, which had come across from the office of legal drafting—the Attorney-General's Department—and they were expected to go through that document, having received it in the morning. It is not AFMA's fault. As I understand it, they only received the plan at a quarter to five the night before.

But the point of it is this: they did not get the opportunity to consider the plan and, having watched the meeting, it was basically a matter of correcting typographic errors. The presentation of the plan on the day concerned does not allow the MAC to consult any of the fishermen. So the consultation was extremely reduced in the sense that they did not get an opportunity to look at the document fully beforehand and consider it, and then, in turn, go out to the fishermen operating in the fishery for their consultation.

So what we are being presented with now is a plan which is an evolved plan and we are asked for a consultation on it. Effectively, what you are doing is denying people the opportunity of saying, 'Well, look, at the outset, these are the matters we would wish to see in a plan and consider it at base level.'

**Mrs BAILEY**—What are the particular problems that you have with the plan?

**Mr Broad**—At present we have only had one meeting on the plan. There is a potential—or there was a potential, I am not sure of it—for a blow-out in the number of boats. I am told that there could be 20 boats, and that is of a fishery of a 100 boats. I am told that, under the offshore constitutional settlement being agreed between Tasmania and Victoria, they will be confined, but there is a potential for licences which are not applied to a boat—in other words, what they call dormant licences being activated and more boats potentially coming into the fishery, which is a danger.

**ACTING CHAIR**—Why is it a danger?

**Mr Broad**—Potentially you have more boats wanting to fish the same stock of fish, and one of the—

**ACTING CHAIR**—But what is the problem if the fishing stock is there?

**Mr Broad**—The TACs, the total allowable catch, is meant to be the sustainable yield of that stock, and what you are doing is dividing it potentially between a greater number of boats. One of the fundamentals is that the south east trawl fishery is not efficient. So one of the problems is that you are introducing more boats and potentially making it more inefficient.

**Mr ANDREN**—Pushing on with that, under their management plan they have a formula to achieve the net quota. I guess you have examined that, and it strikes me from looking at it that it does allow for the licence fishing that was permitted under the previous arrangement. It does not suggest to me that there is extra fishing capacity introduced. Have you looked at those formulas?

**Mr Broad**—I have never been able to get hold of the present formula for splitting quota. I can tell you now that it has been the subject of notice to produce in court proceedings, but I have never actually seen the formula. So, as to the formula itself, my understanding is that there are more boats potentially coming into the fishery, and whether the allowable catch is increased to reflect that is another thing. That is ultimately the question as to whether or not there are more boats in the fishery or not and what share of the catch they may represent.

**Mr ANDREN**—Under the carryover fishing permit on page 17 of the management plan, which I have before me, they say that the formula is 'Q + LI—LO + FP'.

**Mr Broad**—But that is only a carryover formula. That simply says that, if you do not catch all that you are allowed to catch, you can carry over a percentage of that. If you were allocated 100 tonnes of a particular species and you caught 50 tonnes, then you would be able to carry over 20 per cent of the remaining 50 tonnes. The only formula in the plan is that. There is not in the plan—and this is something that I have raised—the actual formula for allocation in the new plan, the averaging formula which they adopted in 1992. I understand that that is not included in the new plan because there have been a number of administrative appeals, both internal and external, and that it would be so convoluted that it would make the plan unworkable.

**Mr ANDREN**—But is not Q the quota that currently may be taken by the holder?

**Mr Broad**—Yes.

**Mr ANDREN**—Are you suggesting that there could be more quota under this new system?

**Mr Broad**—No, I am saying that they have come to arrangements with Victoria and Tasmania whereby certain state only endorsed boats will be brought into the fishery. I understand that those boats are potentially 20 active boats. So that plan would not make provision for them, because that plan assumes that only existing boats come into this fishery. But I understand that in January next year there are settlements to be signed which will potentially bring in other boats.

**Mrs BAILEY**—So your concern relates to more boats fishing for the same quota.

**Mr Broad**—Yes, potentially. There is also, as I put in the submission, the alternative: if a state right then comes in to a Commonwealth right and is then cancelled, one may be in a position where that is a compensatable matter under the placitum (xxx) or (xxxi) under section 51.

**Mr NAIRN**—One of the criticisms in the report related to the quota system in the South East Fishery and the fact that the quota had been divided up in not a fair way. Subsequent to that, there has been a working

group put together by the minister to look at the whole quota system. Has the sector made representations to that working group? Have you any comments to make about that whole process?

**Mr Broad**—We have made a relatively simple submission that we believe there should be adjustment to a class of fishermen who we believe were not fairly dealt with under the plan. That class is a blind class, in other words, it does not pick operators from a port or anything like this. Having met Saturday of last week, the working group I believe is doing a very good job. We are optimistic that there will be a good result. Certainly, it is a step forward. One of the submissions we have made in this is that adjustment is a necessary precursor to the plan. It is not going to be accepted as a precursor; it will run parallel to the plan.

**ACTING CHAIR**—I want to clear up one thing. Do you feel that the representation on a MAC should be as a representative of fishermen? I understand that that was not the structure of the MACs, that they were not set up in that regard. Do you feel that that is the only true way to have a representation of certain areas of fisherman?

**Mr Broad**—What you have got to look at is this: they have generally picked the MACs on an area basis. As to the South East Fishery, there is a large body of water. What has happened is that, within the areas that they have picked, they have tended to have the larger operators in a lot of places. That has not necessarily occurred in New South Wales, but there has been that history. Now they have sought to put on the MAC operators who represent a class of fishermen or a class of operation.

**ACTING CHAIR**—Is that a changing trend? Are we going from a cottage industry to an established, mature industry? Is it time to do that in Australia?

**Mr Broad**—I think we have gone past the cottage industry. What has happened is that we have had a mature industry and poor management in this fishery has the potential to send it backwards. The reason for that is that they have allowed large catches of, say, orange roughy without knowing how big the resource was, and they have tipped that resource over the edge. It is likely that that resource has been over-exploited and it is a collapsed fishery. It has got the potential, in the dream of building it, to become an advanced fishery and encourage investment in boats.

**ACTING CHAIR**—There is also an argument to take the fishery down to a level which is sustainable with enough biodiversity there, and you can fish out the top end of it. There are those sorts of arguments as well. Your position is one position, but there are a lot of other arguments that have come before to the committee.

**Mr Broad**—In fact, it is exactly that. On the east coast of New South Wales we believe the fishery has been fished down to a sustainable level. We believe that the TACs operating in the majority of what I referred to as the inshore species are at a sustainable level. We certainly believe that and we certainly believe that is how TACs should operate. They should not be used for any other reason. They are there to ensure that there is a continuing yield at its sustainable level. What we say has happened in the past is that there was a substantial investment put into the orange roughy fishery which had not been analysed as to its mass, and they have basically over-fished it.

**Mrs BAILEY**—With sustainable levels, do you believe that the industry is listened to sufficiently regarding species type or numbers?

**Mr Broad**—Yes and no. What we said in here is that in the past there has been a fair bit of poor research. Peter could go on at length about some of the research. More recently—I could suggest the gemfish program—there has been targeted research. One of the biggest weaknesses is that the research has been carried out by say the CSIRO, or whomever it might be, but their methods of operation have not been comparable with fishermen. New South Wales fisheries their fisheries research vessel the *Kapala*, which uses nets which are wholly unrealistic in comparison to what fishermen are using and they just do not have the expertise. You have to level the playing field if you are going to do research. The research is better undertaken by a fisherman in actually going out and catching the fish, than by a scientist attempting to become a fisherman.

**ACTING CHAIR**—That supposes that the fishermen have always been very good and objective in taking what they have taken. There have been occasions, I think, when orange roughly was piled pretty high on decks. We will take on board what you have said.

**Mr Broad**—For research purposes, I am not saying that you are relying on log book information; I am saying you can run research programs with fishermen operating the vessels.

**ACTING CHAIR**—Sure. The evidence we have received, Mr Broad, has been along those lines. It is a much more efficient and effective way, and financially more sound, to do it that way than having enormous boats floating around.

**Mrs STONE**—You mentioned that the recreational sectors are of concern to you and that you believe the act should be amended to reflect the recreational fishermen's activities. What is your concern there? Are they taking too much product or are they behaving in an unsafe way?

**Mr Broad**—The answer to it is that they are sharing in a resource. There are substantial catches, for instance, by recreational fishermen of gemfish. They do not contribute directly towards research. They also seek funding. I know there has been a bit of a conflict over the fact that they were not given sport and recreational funding. We would suggest that, if they are going to utilise a resource, there should be some controls. Those controls are potentially bag limits, and there is a question as to whether there should be some form of funding, whether direct or indirect, towards at least research on fishery.

**Mrs Puglisi**—We are also in the tuna fishery. The recreational fisher is probably more of a problem to our resource than the trawl fish side of it. At the moment, we must lease bluefin quota if we wish to catch bluefin quota, which people are trying to put on the endangered species list. A recreational fisher can go out in the same water and bring in two fish per person over 30 kilos and as many bluefin as they want under 30 kilos. That is discriminating against us in our long-line fishery, but it really makes a bit of joke of what the government is trying to say in relation to the ITQ system, global TACs and whatever. That is only one area that is a problem for us.

**Mrs BAILEY**—Is that an area that should be covered under the industry code of conduct? What are

your views on that code? Do you think it works?

**Mrs Puglisi**—When you say ‘industry code of conduct’, do you mean the recreational industry code of conduct? These catches are by the recreational sector.

**Mrs BAILEY**—In the draft management plan it only talks about the fishing industry code of conduct. It does not actually specify.

**Mrs Puglisi**—I guess there probably is no code of conduct for them. There is none that I am aware of.

**Mrs BAILEY**—Do you think it should be specified, that recreational should be included?

**Mrs Puglisi**—I think it is something that government—state and Commonwealth—should really look at and say, ‘Right, let’s get down to this resource.’ The bag limits on yellowfin tuna are exactly the same. That is a resource that can be a high value export industry to us overseas, yet we see people sometimes with 30- or 40-kilo yellowfin that could be worth \$700 or \$800 just being used for burley and that sort of thing. If four or five recreational fishers are on a boat and they bring in, say, ten 30-kilo yellowfin or ten 30-kilo bluefin, let alone the fish under 30 kilos, there is no way they could eat that much. I think the bag limits for that fishery should be higher. I remember reading a research survey which said that the recreational take-home catch was greater than that of the commercial sector. No-one really knows what is coming out.

**Mr Broad**—Tuna.

**Mrs Puglisi**—Tuna, any species.

**Mr Broad**—If I can push that barrow very hard, the act does not provide for control of recreational fishing unless there is a management plan in place. That is a very large weakness of the act.

**ACTING CHAIR**—Your arguments to us are that a bag limit of two per person per boat is too many?

**Mrs Puglisi**—Plus any amount that they want under 30 kilos.

**Mr ANDREN**—You are not suggesting that any of this recreational catch is finding its way into commercial markets, are you?

**Mrs Puglisi**—It has.

**Mr ANDREN**—By what means?

**Mrs Puglisi**—At Bermagui we have had problems. This is not all of the recreational sector. Please do not get me wrong here, because the majority of them do act responsibly these days with tag and release, or whatever. It is not as much the clubs as just individual anglers coming up for a competition and financing

their holiday back home. It has been documented. It has been reported to AFMA on quite a few occasions. Unfortunately, unless you actually catch people in the act, you really do not have any leg to stand on.

**Mr ANDREN**—So they are selling it privately, not through co-ops or anything like that?

**Mrs Puglisi**—No, not through co-ops.

**Mr ANDREN**—How would you construct the membership of MACs in a more representative way; is there any formula? Should there be a rotating membership? Should there be elections?

**Mr Bell**—My belief is that there are two methods to put a MAC together. One is where AFMA agrees to who goes on there, which is the form we have now, or through an elected process—one or the other. I do feel that the elected process is fairer, not necessarily the best. The only thing that has concerned me in the past is that there was a panel nominated and agreed to with some political ideas behind them as to which way they wanted to take the industry. Time will tell—it has already been told in some cases, like the orange roughly—that the direction the government wanted the industry to go is the wrong one. It is simply the old story: we have a desert ocean.

The orange roughly case was pushed very hard politically. As a representative of the industry, I tried to put the brakes on that when there were only four boats operating. I was laughed at from the minister downwards, called an idiot and told that I did not know what I was talking about. But my colleagues sitting here all know that, around Australia, wherever we fished with trawl gear the deeper we went the higher the catch rate and the faster the fish went down. We have not yet found a species that that did not happen to. Therefore, there was a very good chance it was going to happen to this species.

My way of thinking was that, if it was going to manage—I stress the word ‘manage’ because it has not been used within the fishery yet—you would put the holds on it when it was in its infancy and have a real good look at it before you exploited it. It had been there for thousands of years. A few more years would not have made the slightest bit of difference, and time has proved my ideas right.

**Mr NAIRN**—AFMA works together with the state fisheries and often uses state fisheries people to do various compliance checks. Can you comment on how your members find that whole system working?

**Mr Broad**—The problem of compliance is this: AFMA needs to stand back and look at it with a greater overview. Every time AFMA finds a problem, it puts a bandaid over the top of it. Compliance seems to be a series of bandaids. What happens is the forms required to be filled out by fishermen become longer and longer. There needs to be someone to stand back and simply say, ‘What level of compliance do we need to achieve? How do we achieve that with a reasonable degree of certainty?’ I know there are a lot of weaknesses but, ultimately, fish have to be landed, and there are sources from which fish then emanate. I think AFMA has become more and more concerned with the bandaids than the reality. Perhaps they should look at the way taxation goes about its business by comparison.

**Mr NAIRN**—Has the paperwork increased or decreased since AFMA?



**Mrs Puglisi**—Could I answer that one? I used to have one little office six by six. Now I have an office six by six, the dining room table in the family room and the dining room table in the kitchen covered with paperwork. Licensing has got to be a joke. Once upon a time we used to have one Commonwealth licence that you filed on the boat. Now, if I were to have every paper on the boat that legally should be on the boat, I would be running backwards and forwards to our boats every day.

**Mr NAIRN**—No room for the fish!

**Mrs Puglisi**—Where once upon a time we had one licence that was one-page thick, now we have about that much for each boat, all coming in at different times of the year. Every time you do a quota transaction you get a little annexure to go to your permit, which is legally supposed to be on the boat. It is just never ending.

**Mrs BAILEY**—What happens to all this information?

**Mrs Puglisi**—It is in my six-by-six office on the dining room table or on another table until I can get around to filing it on the boat.

**Mrs BAILEY**—So there actually could be some very good data contained in all that?

**Mrs Puglisi**—Yes, you could find heaps. I have been asking AFMA and anyone who asks me about licensing. In the days of computers, it seems very odd to me that we must even have these licences on the boat. Every boat and every vessel I know of on the east coast of Australia, and probably the west coast too, has a mobile phone. You are required to have a mobile phone on a south east trawl boat to call in two hours prior to report in.

The fisheries inspectors probably have a mobile phone. It would be much simpler for me to be able to ring into a central data system and say, 'Look, I have LFB5482 here. It's trawling in such and such an area. Can you please tell me is everything current,' than what it is for me to actually have to make sure things are photocopied, put on the boats and all the rest of it. So to me, I am sorry, it is a joke, it really is a joke.

**Mr Broad**—Mr Justice Einfeld commented in Gray's case that the licensing conditions were such, that was under the 1991 plan, that you had to take a QC to sea with you every time you left port.

**ACTING CHAIR**—I think the QCs have done pretty well out of the fishing industry, have they not, Mr Broad?

**Mr Broad**—Having not gained the rank—

**ACTING CHAIR**—If we can get a few of them out we can keep the silk out. I want to thank you all very much. I understand a lot of you drove up this morning, so thank you very much. I appreciate your evidence before the committee, and I am sure you look forward to our report in the future. Thank you very much.

[9.36 a.m.]

**McROBERTS, Mr Barry James, Company Secretary, Seafare Australia Pty Ltd, 96 St Vincent Street, Ulladulla, New South Wales 2539**

**PIRRELLO, Mr Joseph Mark, Managing Director, Seafare Australia Pty Ltd, 96 St Vincent Street, Ulladulla, New South Wales 2539**

**ACTING CHAIR**—We have received a submission from you and it has been authorised for publication. Do you wish to change the submission we have before us in any way?

**Mr McRoberts**—No, that is fine.

**ACTING CHAIR**—Would you like to make a brief statement before we go to questions?

**Mr McRoberts**—I have made a few notes which I thought may assist to summarise and keep things tight, and that should only take three or four minutes to complete.

**ACTING CHAIR**—That would be very good, thank you.

**Mr McRoberts**—To encapsulate Seafare's concerns about AFMA's performance, I would like to refer to a letter from the Commonwealth Ombudsman to Seafare dated 2 June 1996. In responding to Seafare's complaints, the Ombudsman advised of another group of fishermen who comprehensively outlined a series of complaints which closely parallel the concerns raised by Seafare. He noted the underlying themes were strikingly similar and he sought AFMA's views on the poor and apparently deteriorating relationship between AFMA and its clients and questioned AFMA's administrative culture and modus operandi.

Answers were sought to the allegations of an excessive reliance on litigation for resolving disputes, obscuring alleged policy failures, even where there was little doubt about outcomes and that AFMA has persistently used investigative and prosecutorial powers and resources in a punitive and oppressive manner towards its critics.

As long-established south-east trawl operators, our concerns regarding both the Australian Fishery Service and AFMA's attachment to the ITQ output controls were heightened in 1989, when it became apparent that the quota implementation team was not delivering a consistent message at its various port meetings, along with the understanding from the minister that no operator would suffer in the transition from input to output controls. The QI team was assuring each port that its particular operators would be advantaged and proceeded to apply formulas for allocation to sample vessels. Having vessels in a number of ports, we quickly realised the formulas were inconsistent.

By 1990, there existed overwhelming evidence that the ITQ management regime for the south-east trawl could not achieve its stated goals. World authorities such as Michael Holding, the head of the EEC directorate general for fisheries conservation unit, was then emphatic that quotas were responsible for the depletion of some EC species and could not work in a mixed species fishery. He strongly suggested

management by licence limitation and adjustment, a featured potential of the very system AFMA abandoned in favour of quotas.

Despite encountering serious flaws in the quota system and gross allocation anomalies, AFMA seemed either unwilling or unable to face the reality of failure. Evidence continued to mount, with scientists and managers privately conceding that quota implementation was hasty and ill-considered. In May-June 1996, a New South Wales fishery scoping document to examine management options noted that:

1. Quota management will not result in a significant reduction in input controls.

So there was going to be no reduction in the controls that were there. It went on:

2. Enforcement measures can be expensive.

That has since been proved to be the case. It continued:

3. Quota management is often the more expensive management option.

Apart from the enforcement measures, just the monitoring of it and the documentation is tremendously expensive. It went on:

4. Fisheries of a low volume and a high value are more suited to quota management than high volume low value fisheries (such as the S.E.F).
5. Quota management inevitably leads to some levels of dumping and high grading.

This is a matter we can attest to personally from our own experience. Finally:

6. The quota system appears incapable of adjusting to unforeseen circumstances in the SEF.

The morass of litigation, inefficiency, cost and inequality which plagues Australia's principal domestic market fishery is not attributable to the AFMA organisational structure. It is, rather, a consequence of a management culture within the structure. An inability to recognise error, timidity when change is indicated and an inability to control the excesses of its own compliance activities are some of our greatest criticisms.

To this day, AFMA has not acknowledged that inappropriate management plans and sloppy regulation breeds non-compliance. An enforcement industry is growing around AFMA's failures and the litigation costs are staggering. I might add that we paid \$160,000 in litigation costs in one year.

The most recent demonstration of AFMA's lack of vision is that last month AFMA distributed another draft management plan for the south-east fishery. This is simply the failed interim quota plan of the past with minor variations. It is a sad reflection on Australia's management that, having hosted the second world fisheries conference in Brisbane this year, AFMA has not heeded the message from the keynote presentation by Pamela Mace, which in part said:

Fleet over capacity is the single most important factor threatening the long-term viability of exploited fish stocks and the fisheries that depend on them. Global fleet capacity must be reduced substantially, perhaps by as much as 50% to levels that more closely match sustainable resource productivity.

The ITQ management plan proposed by AFMA will do nothing to facilitate the removal of fleet overcapacity. It will simply adjust quota allocation anomalies. It will do nothing to prevent high grading and dumping at sea. Finally, it will contribute to empire building, compliance costs and abuse of process experienced at the hands of overzealous and pedantic enforcement.

I think that encapsulates our views. Our company, even though companies seem to have attracted a bad name in some sectors, is in fact a family operation. We have boats in a number of ports—in Ulladulla; in Portland, Victoria; sometimes in Hobart. We have a distant water vessel, 58 metres, which fishes in New Zealand. We have been able therefore to draw some very valid comparisons about management in New Zealand and how they address quotas and how Australia's federal system fares in that regard.

**ACTING CHAIR**—Would you like to tell us about those?

**Mr McRoberts**—The attachment to quotas—and I am sure Joe Pirrello, the operational manager, has a much better detailed operational knowledge than I certainly do—but in New Zealand of course they have global quotas. That is, every species is quota-ed and there is a single jurisdiction, and there is no problem in accurately recording their catch because catch is actually inspected as it is landed. In our system, of course, we have a variety of jurisdictions—some who will not agree to the same 16 quota-ed species that AFMA have presented us with and, even though they have reached OCS agreements, will not comply with AFMA's request regarding a common quota on a single species. So any quota that is allocated in Australia is a quota only for a specific sector, it is not a global quota, therefore it is not valid in itself. If you can only control a part of the effort the quota system is flawed, and of course this is our main problem, that the only quota sector in our operational activities is the trawl sector.

**Mr Pirrello**—Mr Chairman, the rules and regulations we operate under in New Zealand are very clear and concise. There are no grey areas. If we break the rules, well, you go down. Everyone knows what the rules are and there is very little room to manoeuvre within those rules. When our boat comes in we have an inspector who comes on board. The inspector oversees the unloading of the fish; he makes an estimate of the catch; he confirms that with the processor who takes the fish, and that is the end of it. We do not hear anything else about it. One of the problems in the south-east trawl, we might have unloaded fish four or five months ago or two years ago and get questioned on it now.

**Mr NAIRN**—Is there a quota system and a TAC?

**Mr Pirrello**—Yes.

**Mr NAIRN**—Do you own a quota and then there is a TAC for each fishery?

**Mr Pirrello**—Yes, but just about every species is quota-ed—squid, scampi. Virtually everything is quota-ed.

**Mr NAIRN**—All species are quota-ed and all species have TACs?

**Mr Pirrello**—Yes.

**Mrs STONE**—So there is no bycatch problem in a sense?

**Mr Pirrello**—There is a bycatch, I understand, and it is not attributed to us because we catch the majority—just target orange roughy—but for the inshore boats which overcatch their quota they have a surrender position where they can bring that quota in, get paid an amount of money which covers their expenses, but there is no incentive to actually bring that in for profit. All fish has to be brought in, all fish has got to be recorded.

**ACTING CHAIR**—Do you think that system is working? We have had evidence about gemfish and other things being caught as a bycatch and being—

**Mr Pirrello**—Over here or over there?

**ACTING CHAIR**—Over here.

**Mr Pirrello**—Sorry, I did not understand the question.

**ACTING CHAIR**—My question was: do you feel that that system works reasonably well?

**Mr Pirrello**—Over there?

**ACTING CHAIR**—Yes.

**Mr Pirrello**—Yes. It is a very direct system.

**ACTING CHAIR**—We have received evidence that people can bring in that catch and they get paid a cost of accountability for it. I think the committee has some documentation on that from New Zealand and we have received evidence to that effect.

**Mr Pirrello**—We were scared when we first went over there because we were only used to dealing with the Australian management regulations, but we were pleasantly surprised. The rules are concise and we know what we have to abide by and we just do it.

**Mr NAIRN**—But with a fish like the orange roughy, it used to be a specific species which could be targeted pretty much on its own whereas in the South East Fishery you have got a much more complicated situation where you have a variety of species that swim together. Do you think we should be looking at a quota system and a TAC system where you group species, particularly species that swim together? Part of the problem at the moment is that you have a quota for certain species and you just cannot target that species because of the way in which they swim, so you end up with this extra bycatch which, if you do not have a quota for, over the side it goes.

**Mr McRoberts**—The EEC experience is probably the closest analogy that we can draw to the Australian experience where they have a multitude of jurisdictions, lines on maps, a multitude of species and quotas. As I pointed out earlier, Michael Holding, who was a head of the EEC conservation unit and probably one of the most respected scientist of his time, was scathing in his criticism because the data distortion that occurs in a fishery like that is immense.

I think I could say quite authoritatively that there is not one skipper in the South East Fishery who has not broken the law at some time or another but there are probably very few fishermen in the South East Fishery, or skippers, who wanted to break the law. They are in the typical catch-22 situation where, if they bring their catch in, they are booked. Technically, they cannot dump either because that is dumping at sea and that is illegal, but there is no middle ground.

So, in a mixed species fishery, in a multi-jurisdictional fishery, you will inevitably get high levels of dumping, and we can talk about a dumping of 20 tonnes from a single boat at a single time and species of spotted warehou dumped 20 tonnes in a single hit. What that does to the science is incredible. What possible accuracy is there when you have something like 100 and something boats out there all engaged in some level of dumping and high grading? The accuracy of any data is suspect because what needs to be recorded is the only thing that is recorded.

Our problem is not so much that AFMA have made a mistake: all fisheries are evolutionary, as was said earlier, and there tends to be fads in management. Our problem is that the culture within the AFMA structure is a typical bureaucratic culture. The personnel are all ex-bureaucrats and they are loath to accept change. They do not feel comfortable with it. They are very timid about moving away from a future directions policy that says output controls are the way to go and then look for something that will adequately address the needs. They do not like to accept failure. Unfortunately, they influence the committees, and heavily influence the committees that are supposedly representative committees, and they are not truly.

**ACTING CHAIR**—Mr McRoberts, we have received evidence, and it has come up this morning, that the world fisheries are in a pretty big mess. All over the world, fisheries are being depleted, there are boats tied up and there are fishing fleets everywhere. You quoted the keynote speaker at the recent conference who said that we have got to reduce the fishing fleets by half. Some people have said that AFMA is at least some way in front of a lot of other management regimes in the world. What would you say to that?

**Mr McRoberts**—I think it is a perfectly valid statement, but it is like the curate's egg. The structure is fine. The culture within the structure is terrible. If we looked at the Senate's comments about management advisory committees, they were quite clear. They suggested that they should be management committees, not management advisory committees, because, frankly, the advice is usually overruled if it conflicts in any way with AFMA's policy.

**ACTING CHAIR**—Do you think the science is coming through those areas up there alright? Is putting the fishery and the MACs together—fishermen and science together—working at all?

**Mr McRoberts**—Again, there is a science industry out there which has its own particular agendas and needs for budgets and maintenance of resources, et cetera. I would not suggest for a moment that the science

is deliberately skewed, except where the precautionary approach is applied sometimes as a broad brush approach to things. I noted the earlier comments. We have about the third biggest coastline in the world and we have two distant water trawlers, two. The ridiculous cloud-cuckoo-land nature of a ministerial statement by the previous government said that we would go along with world opinion and cut our distant water fleet by 50 per cent.

We went and had a chat with the other trawler owner and said, 'Well, one of us is going to go.' That is fine for fishing nations of a huge capacity, such as Taiwan, South Korea and Norway, who have surplus capacity, and Russia, which has tremendous surplus capacity. For them to cut back by 50 per cent is fine. For a country like Australia to cut back by 50 per cent, with the huge resources available to it and economic potential available to it, is not only silly but also irresponsible, because we import \$600 million worth of imported fish a year to service a market.

There is very little concern about the management regimes in the countries that we import from, so we have this silly situation where we are prepared to buy from people who rape and plunder their own backyard, but we are going to cut our two-vessel fleet back to one vessel in Australia. I found that rather—

**ACTING CHAIR**—Just on that point Mr McRoberts, do you feel that maybe we should be moving to a certification type structure in world fisheries?

**Mr McRoberts**—I do not feel that I am adequately qualified to comment on world fisheries. I was the chairman of the National Fishing Industry Council and I have had the benefit of visiting a number of countries. But I would suggest that people such as the keynote speaker, Pamela Mace, had it right. We must cut the fleet in Australia. I am sure she is right when she says that, globally, we must do it. But, in Australia, there must never be the encouragement for a fisherman in our fishery—the South East Fishery—not to land his catch, not to record his catch or be frightened to bring it in. The boat must be able to fish to its maximum potential, and we must record everything.

**ACTING CHAIR**—And fishermen have always logged everything fairly and honestly over the last 50 years?

**Mr McRoberts**—Let me say that I was responsible for the introduction of an ITQ fishery in the abalone fishery. It was remarkably successful in that fishery. The relationship between the fishermen and the compliance people was such that that situation evolved. They were treated as extension officers. I would suggest that there is very, very little misrecording, if any, in that fishery. In the South East Fishery, the misrecording over the last five or six years has been incredibly high.

**ACTING CHAIR**—But that is trust, isn't it? That is building trust within the industry. The industry does not have that sort of trust happening at the moment.

**Mr McRoberts**—Totally non-existent.

**Mrs STONE**—Both yourselves and the previous speakers have referred to the over-capacity in various parts of our industry, and of course that capacity is built up under quite legal requirements and with

quota and whatever. How would you recommend those sorts of over-capacities be reduced? How are you going to choose which boats, which businesses would be reduced, taken out?

**Mr McRoberts**—There are two adjustment committees afoot at the present time. One is a bandaid adjustment committee which has been introduced, I believe, to address the anomalies in quota allocation. I was fortunate enough to serve on an adjustment committee in the past under Minister Kerin, and in my view any adjustment that is proposed that does not have within it a component to take effort out of the fishery is an invalid adjustment program. So if it is just a matter of giving people more paper, more quota—because that quota is like the 1920s deutschmark, you can paper your shed with it, it does not mean anything—we would think that that sort of an adjustment committee is not a valid adjustment committee; it is simply to address quota anomalies.

The other adjustment committee is called ANFAS which, under the current minister, is talking about structural adjustment in fisheries. It is a little more esoteric but really it is getting to the nub of the issue. It is, 'Let's not talk about bandaid solutions; let's talk about what is needed to take effort out of fisheries'. All of those programs would require some adjustment funding, even if it is only in the form of seed money, but without it the South East Fishery is doomed.

**Mrs STONE**—Are you talking about compensation in effect for those who have to remove their efforts?

**Mr McRoberts**—Compensation, I guess, for those who have been disadvantaged by government action, certainly, but I would suggest just take it in a form of redundancy by taking people out of the fishery and taking that effort away so that those who remain contribute to economic performance.

**Mr NAIRN**—To make that second one work properly, the first one really has to do its bit as well. I take your point about it is a bandaid, but an absolute critical aspect of sorting out the problem in the South East Fishery is at least to try and get back to the correct quota allocations before you then address that second aspect. Would you agree with that?

**Mr McRoberts**—I would, and there have been a number of attempts to do that with reviews, et cetera, in the past. This is just one more—and well-intentioned, I might say.

**Mr NAIRN**—I think this is different to the ones in the past.

**Mr McRoberts**—Yes, the others were simply reviews. I would suggest if it just is a matter of allocating more quota, that quota if you take it into your bank manager is worthless, it is like taking confederate currency in. Bank managers, and particularly at the Commonwealth Development Bank, are much more aware now of the value of quotas. You can go in with a thousand tonne of grenadier quota and they will laugh you out the door. Go in with two or three hundred tonne of the right sort of quota and they will talk to you, but they are always aware that that quota, since it has a floating value, is a little bit suspect. It is not like, for instance, some bluefin quota or even some abalone quota and lobster pot units, et cetera.

**Mr ANDREN**—I want to ask something more about the global New Zealand percentage of total



allowable catch. Mr Pirrello, you might answer part of this too. What over-capacity and evidence of dumping is there under that regime that you are aware of in the New Zealand set-up?

**Mr Pirrello**—I do not have a great awareness of the details. The companies which we have worked with have told me that there is little incentive to throw fish over the side because it is just as easy for them to bring them in, get paid for their efforts and everything is recorded. The companies and the private operators have got a stronger relationship with their fisheries than we have.

**Mr ANDREN**—Mr McRoberts, I gather from what you said about the global that it would be a difficult concept to develop, given the Australian state-federal situation. Do you suggest that the OCS path is, perhaps, contributing to the difficulties in management? Could there be a global plan for Australian management, do you think?

**Mr McRoberts**—Not in my view. The states involved, even the ones that have signed OCS agreements, have signed them conditionally. In other words, with some of the species they have said, 'We know you've got sixteen species on your list, but we're not prepared to concede, say, blue warehou, ling, et cetera, because that has been a traditional state controlled fishery. We're not going to disenfranchise our fishermen in state waters who haven't got Commonwealth licences. Even the ones that have signed have signed conditionally, which starts to distort straight away. The ones that haven't signed—New South Wales in particular, with all due respect to science in some areas—are very bloody-minded about OCS. As regimes and personnel change in their fisheries departments, some very strong views have been promulgated around the industry that, 'They'll put the cigarette in my mouth and the blindfold on before I'll sign anything.' They are the sorts of views that were put around the ports.

I wouldn't suggest that any OCS arrangement with New South Wales will be one that will contribute to a global ITQ system for this fishery. I would suggest the only way we can move forward is to look at what happened in the EEC and draw from that. In fact, one of our prominent scientists, Jeremy Prince, is pretty highly respected. Dr Prince is pretty well known. He works with AFMA as well as industry. He has conceded now that a quota system in the south-east fishery just will not work. It is market driven, as was mentioned earlier. We have to come up with a different system. The sad thing is that AFMA have not realised that. They have had three years to draw up a plan, and all they have done is dotted the i's, crossed the t's, and said, 'We'll give you statutory rights now which give some validity to the confederate currency that you've got in quota.'

**CHAIR**—Fran, you have one last question.

**Mrs BAILEY**—On another topic, Mr McRoberts, do you feel that sufficient attention is being paid to industry in terms of research and knowledge of fishery?

**Mr McRoberts**—No, ma'am. I think every fisherman would welcome more research. We would favour cooperative research where industry takes the researchers out on the boats. But to do that the boats need to know and need to be encouraged to fish in their normal pattern. They also need to know that they won't be penalised for anything that they do in their normal activities. That means the whole plan needs to be changed so that there are surrender provisions before we can get that sort of cooperation. Jeremy Prince

certainly enjoys that sort of cooperation. I would suggest that some of his state and Commonwealth colleagues don't.

**CHAIR**—Mr McRoberts and Joseph, thank you for your evidence. It has been well received.

**Mr McRoberts**—Thank you very much.

[10.28 a.m.]

**FOURTER, Mrs Julie Karen, Secretary, Osprey Trawling Company, PO Box 633, Eden, New South Wales 2551**

**FOURTER, Mr Roger Michael, Manager and Owner, Osprey Trawling Company, PO Box 633, Eden, New South Wales 2551**

**ACTING CHAIR**—We have received a submission from you and it has been authorised for publication. Would you like to make any changes to that submission?

**Mrs Fourter**—No.

**ACTING CHAIR**—If you would like to make a few comments first, the committee will then ask you a few questions.

**Mrs Fourter**—We will make a few points about how AFMA has affected our operations. The quota system was brought into being in too much of a rush and the results seem to be getting worse instead of better for the fishery and its participants. Bernie Scott visited us with figures stating that we would receive approximately 1,500 tonnes of fish in quota for a year. Other operators were also given figures well over their actually yearly catches, so it looked to be a great system. However, we were wary of him back then as he was the instigator of the southern bluefin tuna quotas, a system which saw us pushed out of that fishery which, ironically, was started with the help of Roger's father.

Since the original allocation, we have had 245 tonnes of orange roughly to date taken away due to falling TACs, which leaves us with 165 tonnes at the moment. Eighty tonnes of that has proved virtually useless to us as the amount of boats that are able to fish in the southern area are decreasing all the time and we have never been viable in that area to fish it ourselves. We are charged a levy of how much quota is taken away from us.

The federal government, in conjunction with the New South Wales government, now has a policy for the forestry industry. It has committed \$120 million to participants who are directly affected by government policy of cutbacks on area and log quotas. Business exit assistance, worker assistance and a plan for industry development is in place. AFMA has supplied no such assistance for the fishing industry.

To say that the ITQ is the retirement plan is absolute rubbish. People have been given too little quota. Prices are falling due to the instability in the industry such as TAC cutbacks and, to be honest, the majority of quota holders do not have the finance to buy their colleagues out. What you buy today is not necessarily what you will have tomorrow. A few foreign owned companies are the stakeholders who are becoming the main shareholders in the fishery now.

The quota system has encouraged the dumping of fish at sea. Fishermen either high grade the fish or, if the quota lease prices are too high for the catch at the time, the fish are returned dead to the ocean. Fishermen will not write in their log books the amount of fish dumped for fear of prosecution from AFMA.

We know for a fact a vessel has dumped more twice a quota on some species and this will continue to happen if TACs are cut.

Safety is another aspect to be considered. We have always maintained a crew of four. Since the second year of the quota system, we now have three. This has happened on other boats we know of as well. Fishermen are pushing themselves harder to catch more fish to make up for lease costs. We are not against a quota system; however, we feel more thought should be given to other avenues before management plans are brought into being.

Quota systems in other countries have been tried and have failed. We have read about this in newspapers and saw it for ourselves when we visited Britain. If the powers that be consider that there is too much effort in this industry, then why not consider a buyback scheme from the government? However, surely through the introduction of TACs the industry has been decimated enough now to survive if they are given enough quota to stay economical. The quota system is putting more pressure on fish stocks now than if there were no system at all, apart from volatile species such as orange roughy and eastern gemfish.

AFMA seems to be more concerned with paper chases than looking after the fish stocks and the fishermen together. AFMA's direction seems to us to be that if the fishermen are decimated then the fish stocks will increase. The quota system they have implemented is decimating both fishermen and fish at an alarming rate.

**Mr NAIRN**—Have you made a submission on the adjustment of quota to the working group that is currently moving around the place and has to report by the end of November?

**Mrs Fourter**—We went to the meeting, yes. We just had a brief talk.

**Mr NAIRN**—Do you have any comments to make about the terms of reference that they are working on and what they are trying to achieve? Are they heading in the right direction to solve the problem that you point out both in your submission and in what you said this morning as well?

**Mrs Fourter**—You mean in terms of compensation and what they are talking about?

**Mr NAIRN**—In terms of making adjustments to bring the quota into a fairer distribution.

**Mr Fourter**—I think they have Buckley's chance of doing that. I asked who is going to get more quota and who is not. As soon as you start doing that sort of thing, you are going to get more litigation because you are going to be discriminated for a start. They have no idea who is going to get it or who is not. How are they going to do it?

**Mrs BAILEY**—What input did you have into the draft management plan?

**Mrs Fourter**—Probably none. It is too much for us to really understand. You really have to have a solicitor to understand it for you. When the rules come in, you do not really realise how they affect you until something happens that the rule comes and says no, you cannot or yes, you can. It is hard to realise the situation.

**ACTING CHAIR**—So you are always reacting to something that is already in place?

**Mrs Fourter**—Yes.

**ACTING CHAIR**—That then has an effect on you and on your livelihood.

**Mr Fourter**—Yes.

**ACTING CHAIR**—Roger, your family has been in the fishing industry for a long time?

**Mr Fourter**—Yes, I am third generation.

**Mr ANDREN**—Under the draft management plan they talk about two types of statutory fishing rights that they will be granted. Have you had a look at the draft management plan in any detail?

**Mrs Fourter**—No, we have just flicked through it.

**Mr ANDREN**—Were you aware of any of the consultation meetings that were held on it? Did you take any trouble to access them or were you made aware of them?

**Mrs Fourter**—Only the compensation meeting that was held in Eden a week or so ago with Gail Hewitt and Martin Excel.

**Mr ANDREN**—They are saying that AFMA will notify people considered eligible for a quota statutory fishing right under this arrangement. If you have not got across it, you would not have any comment to offer on the degree of satisfaction over the way they are going to allocate these SFRs. Have you spoken to any of your colleagues about it?

**Mrs Fourter**—No.

**Mr ANDREN**—What alternatives would you suggest, given that there is excess fishing capacity? Do you believe that you have an input into, say, the management committees or the advisory committees? Do you have anything to do with them?

**Mr Fourter**—I think a lot of the people on most of those committees, such as SETMAC and all of those, push their own wheelbarrows as far as we are concerned.

**Mr ANDREN**—Is there any attempt by the MACs or SETMAC to meet you on a regular basis or seek your input at any stage into their deliberations?

**Mrs Fourter**—The invitation is there but you are never actually approached by any of them. We have never spoken to anyone at SETMAC.

**Mr ANDREN**—How many of these ‘smaller operators’ feel the same as you do that the MACs just

do not represent your interest in the industry or perhaps are not interested?

**Mr Fourter**—I would say there would be a fair percentage who would be. They have the same sort of ideas that we have.

**Mr NAIRN**—You said that the working group was not going to solve the problem because if you take a quota away from somebody, they are going to litigate and the people who feel they do not have enough quota are litigating now. What is the solution?

**Mr Fourter**—If the biologists are so worried about the fish stock and government, they should have a buyback scheme. I spoke to a few fishermen in England and Ireland. They said that they had TACs and ITQs there and it did not work. They scrubbed it all and then the government bought back the boats and either burnt them or cut them up. That is the only way that I can see that you are going to help the fish resource.

**Mr NAIRN**—Take some of the boats out?

**Mr Fourter**—Yes.

**Mr NAIRN**—Similar to what happened in the northern prawn fishery?

**Mr Fourter**—Yes.

**Mr NAIRN**—But that was partly funded by the industry.

**Mr Fourter**—What you have now is a multi-species fishery. We dump more fish than we land. That is what is going on.

**Mrs Fourter**—Because we do not have enough quota.

**Mr Fourter**—The quota we did have has been taken off us with no compensation, nothing. They just say, ‘Thank you very much’ and it is gone.

**Mr NAIRN**—Did you say the quota that was taken off you was the orange roughy?

**Mr Fourter**—The orange roughy, yes.

**Mrs Fourter**—In those years that were taken over for quota, we basically fished for orange roughy and nothing else. A lot of people would, if they were fishing for roughy at the time, go and look for other market fish when the fish were not around. But our skipper just concentrated on roughy and that was all.

**Mr Fourter**—Yes, he concentrated on orange roughy all the time.

**Mrs Fourter**—As a result, our main quota holding is roughy, which, because of the TAC cutbacks, we are left with nothing much.

**Mr Fourter**—No, not viable.

**Mr ANDREN**—You said that the orange roughy biomass assessment was an absolute disaster. Given that, do you think elsewhere the assessment of what is there is sufficient?

**Mr Fourter**—No.

**Mr ANDREN**—How could that be improved? It has been suggested to the committee that the fishers are the best people to contribute to this. I just briefly read the New Zealand situation where, over there, they are part of the research effort.

**Mr Fourter**—That is a good idea. If biologists and fishermen worked closer together, you might have a little bit more of an idea. But the biologists take the law on their own, saying there is X amount of fish here and that is it. That is what the government acts on, and then you get cutbacks. That is exactly what is happening in the orange roughy fishery. No-one can tell me how much fish is on the ocean floor.

**ACTING CHAIR**—But that is pretty hard to do, though, is it not?

**Mr Fourter**—It is, especially in 500 fathoms, even 200 fathoms, or whatever. At the moment, our boat has done four shots of 350 boxes last week and the next trip it has done 10 shots for 200 boxes. So you can see that there is no accounting for the tide changes. They just concentrate on the fact that the fish have got to be there at a certain time. They do not take into account full moons or tides or anything which affects fishing.

**Mr ANDREN**—Roughly quota aside, given that there was such a mistake in the assessment, how are the other quotas? Do you believe that they are not adequate?

**Mr Fourter**—I would say some are in the 16 species. I do not know; it is hard to say. Some are.

**Mr ANDREN**—Do you believe that there is an excess capacity on other species to a large degree? Should we be culling those quotas on other species?

**Mr Fourter**—No, I reckon you should have what is there, because, like I said, fish come and go. Our situation is, if we run out of one quota and we are catching another, you are still dumping that one over the side.

**ACTING CHAIR**—That is to do with price.

**Mr Fourter**—Yes, price and what you have got. We have not got much of anything.

**ACTING CHAIR**—I just want to clarify this to get it on the record. When you are dumping you are dumping because the price that you can get for what you have got on board is so low that it is easier to dump that and catch something else.

**Mr Fourter**—Yes, which is better for us. High grading is a big problem as well. Once you used to bring in flathead this long, which is legal size, and now most of it gets dumped over the side because you only get \$1 for that and you are going to get \$2 or \$3 for a bigger fish.

**ACTING CHAIR**—What did you think of the idea that you might have heard earlier today in the evidence from New Zealand in relation to how New Zealand has organised that?

**Mr Fourter**—It sounds all right.

**Mrs Fourter**—As long as you have got enough to be viable.

**Mr Fourter**—Yes, as long as you have got enough to be viable. That is right.

**Mr ANDREN**—You are dumping quota though because you are over quota as well, aren't you? It is not only a price signal.

**Mr Fourter**—Yes. You have finished your own and the price is low so you have got to lease it in and then you have got to catch it. At the end of the day, you have earned nothing or you have gone backwards on it, so it is easier to just chuck it over the side.

**ACTING CHAIR**—Do people dump orange roughly?

**Mr Fourter**—There have been times that you have had big shots so that your boat was full.

**Mrs Fourter**—That was before the quota system.

**Mr Fourter**—That was before the quota system came. Then, you had to discard it or pass it across to another boat. That was in the earlier days before you had net monitors and windows in the bag so that, after a certain amount of tonnes had come in, it would release the fish and they were not dead; they would go out through the window.

**ACTING CHAIR**—That was a bit irresponsible though, was it not, on behalf of the fishermen?

**Mr Fourter**—Yes, probably a bit. But it was a new fishery in Australia, there were a lot of guys who had not had experience and it was a sort of learning curve. After you got the equipment, you could see what was going into the net and, with the window, you could judge pretty well what you could handle.

**Mrs Fourter**—A lot of them treated it like a gold rush too: get in while you can before it closes.

**Mr Fourter**—Yes.

**ACTING CHAIR**—But hasn't that been the history of Australian fishing? Haven't there been a lot of people wanting to dig the gold very quickly and not think about the long term?



**Mr Fourter**—Yes, there would have been, for sure.

**ACTING CHAIR**—Do you think there has been a change in the culture of fishermen now? Do you think there is an awareness that there has to be sustainability out there?

**Mr Fourter**—Yes, there is, for sure.

**ACTING CHAIR**—I think we have found that; on the committee we would have found that.

**Mr Fourter**—Yes, I do not think all the fishermen now are raping pillagers. You have to look after the stocks, for sure.

**ACTING CHAIR**—That comes to management, trying to get the management regime in place, does it not?

**Mr Fourter**—Yes, if it is possible.

**Mrs BAILEY**—Mr Fourter, you mention in your submission that there are probably too many ‘sweetheart’ deals going on. Could you explain to the committee what you mean by that and just how rife this sort of practice is?

**Mr Fourter**—Sweetheart deals?

**Mrs BAILEY**—Yes. On my page 347, you talk about the difference between the trawl and the non-trawl. You talk also about blatant discrimination against those paying fees and restrictions. You state:

There are probably too many ‘sweetheart’ deals going on which the general fishing population are not notified of or consulted on.

**Mr Fourter**—There was a boat in Tasmania that was allocated a quota of 165 tonne of ling. They catch it by long-line. That is probably what I meant by that: the quota was just made available to them. That is what I mean by ‘sweetheart’ deals.

**Mrs BAILEY**—How right is that?

**Mrs Fourter**—You are suddenly told of these things. We suddenly heard that the boat was fishing and what it was giving, and no one had really heard about why it was allowed or anything. It was just suddenly there, fishing.

**Mr Fourter**—To get our quota, we had to go through a process where it was taken over past catch, and that sort of thing. Before we got our allocation, we had to go through all of that. Then, out of the blue, a boat just gets 165 tonnes of quota. That is what I meant by that. They did not have to do anything—or if they did, anyway, we are not aware of what they had to go through or do.

**Mrs BAILEY**—Are you aware whether this happens very often?

**Mr Fourter**—No, I do not think it happens very often.

**Mrs Fourter**—You do not really know. It is only that you hear about these things later on.

**Mrs BAILEY**—I was concerned because, in your submission, you said that there are probably too many of these deals going on.

**Mr Fourter**—We assume there are.

**Mrs STONE**—You talked before about the overcapacity of the fleet and you mentioned, I think, that in Ireland and the UK you had seen a cashback situation where some vessels had been bought out. Given that you explain you have a problem with insufficient quota—and you have been in the business a while obviously—how would you respond if you were targeted as one of those to be compensated out of the industry? Would you be grateful for that and go, or would you argue that there should be other criteria besides current viability for deciding who should go?

**Mrs Fourter**—It depends on what they offer, I suppose. The problem is that you want to keep fishing; you do not want to give it up because it is your lifestyle. Also, you do not know anything else and it is your business. Where do you draw the line as to when a fishery is viable? Is it viable now? How many do you have to cut back? Who makes that decision?

**Mrs STONE**—I mean the actual fisherpersons, the actual fishing businesses. If they were not viable, if they were struggling because of their lack of quota, would that be a good criteria?

**Mr Fourter**—In the first place there should not be lack of quota if they have been in an industry for that time. The allocation was where they messed it up. It went everywhere, and that is the problem. The people who came into it late got as much as we did, and we have been in it all our lives.

It was the same with the bluefin fishery. That is why we were forced out. My father helped pioneer that industry. We were encouraged by the government to build the boat. We built it. Then they decided to put a quota on it during two of those years in which it was still getting built. We got 80 tonnes of southern bluefin which, back then, we would catch for 70 cents a kilo, which is about one trip, and we were not viable. So we had to sell out of that. We were fortunate enough that there was something else to go to, which was the trawling. But now, the way it is, we have nothing to go back to. Where do you go from here? That is the situation that we are looking at.

**Mr NAIRN**—Just to clarify that point: the reason you got a lower quota in the bluefin was that the quota allocation was worked out over a number of years—

**Mr Fourter**—Three years.

**Mrs Fourter**—Three years.

**Mr NAIRN**—during which time you were building a boat—

**Mrs Fourter**—We really only had half a year of fishing.

**Mr NAIRN**—so you were not fishing.

**Mr Fourter**—That is right. The boat was still getting put together.

**Mrs STONE**—What criteria would you suggest AFMA use, if we are looking at adjustment in the fishing industry?

**Mrs Fourter**—I do not know. It is a contentious matter, I think.

**Mr Fourter**—Yes, it is. A lot of TACs are not being reached. But with what you have now, they never will be reached. With the multi-species fishery as it is, you are dumping a lot of it and it is not worth your while leasing. So the people who do hold the quota, who want to lease it, will still have it because you cannot make money out of it.

**Mrs STONE**—In terms of criteria that you would recommend to AFMA, if they are looking at an adjustment situation, you do not believe that previous record of catch is a good judge, obviously, given your own family's experience. But if we are talking about rationalising the overcapacity of the fleet, rather than market forces where some go out of business, you cannot help us much there on criteria?

**Mrs Fourter**—I do not know. I am at a loss. It is too hard.

**ACTING CHAIR**—I think we are saying: if we look for criteria, one of the issues would be that you apparently got caught because you were not fishing. That has been the evidence we have received on similar quota systems.

**Mrs Fourter**—That was bluefin.

**ACTING CHAIR**—But the committee has received evidence that that has occurred in other circumstances in other fisheries as well when allocation has taken place—that some people have missed out, after being in the industry for generations, just because of some circumstance where they were not fishing at the time, or whatever, with other things having happened. I think Sharmon was trying to discover whether you had a view about somebody having to make a decision about going out. It becomes a market force in every other industry: if there are too many in it and some people are not viable, they go out because market forces force them out. The banks foreclose.

We are asking whether, in fisheries, somebody makes a decision and offers people an out, and whether you make a decision about that—and you have to have a management scheme to do that. Do you have any views on that?

**Mrs Fourter**—The problem is that, if we want to buy more quota at the moment, if we have to buy

out the bloke next to us, we do not have the finance. To try to pay what he would need to get out, we just cannot do it.

**ACTING CHAIR**—So the economics are that, for you to buy quota, the quota is too dear for what you can get.

**Mrs Fourter**—Yes, that is right.

**Mr Fourter**—Yes.

**Mrs STONE**—Do you have any comments on the recreational fishing angle? You probably heard the earlier speakers talk about their concern that that was not being monitored and they could, in fact, take quite a sizeable catch. Do you have any personal experience of what we should do with recreational fishers?

**Mr Fourter**—Put a muzzle on the lot of them, I reckon. What Joy said about it was a fair comment. I have not got too much to say about that.

**Mrs Fourter**—There is much more of a problem with it in state waters, not so much Commonwealth waters for us. They have stopped the beach hauling to a certain degree, and they are trying to push everything out of the three mile, and a lot of it has come from the amateur fishermen's lobby. But that is not to do with AFMA. But I would say that the tuna situation is a fair comment.

**Mr Fourter**—With the southern bluefin in one instance there was a boat that was getting built and he got 350 tonnes of bluefin quota, and he had a piece of steel in his backyard. That was the sort of thing that was going on.

**ACTING CHAIR**—You are suggesting that somebody got a quota because they had a boat half built—

**Mr Fourter**—Yes, and they knew the right channels to go down.

**ACTING CHAIR**—Thank you very much for your evidence. We appreciate it very much.

[10.54 a.m.]

**HARASYMIW, Mr Oleh Volodymir, Chairman, Four Ports Management Committee, Clydeside Pier, Old Punt Road, Batemans Bay, New South Wales 2536**

**ACTING CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Harasymiw**—Yes. The Four Ports Management Group is a representative group for a number of fishermen in the south-east trawl fishery.

**ACTING CHAIR**—We have received a submission from you which has been authorised and published. Would you like to make any changes to that at the moment?

**Mr Harasymiw**—No, the submission is fine. What I would like to do, though, is go forward from the submission to develop on it as much as possible and not go over ground that is already in writing. I would like to elaborate on some of the issues raised in the submission.

**ACTING CHAIR**—That is okay. I understand you have a video to show us.

**Mr Harasymiw**—Yes, for later on.

**ACTING CHAIR**—Would you like to make a comment?

**Mr Harasymiw**—Yes. In broad terms, there is quite a deal of dissatisfaction with the present south-east trawl plan. I have noticed, in my communications with industry in general, that even people who had originally been very strong supporters of the ITQ system are now either wavering or have changed their attitudes quite substantially. I also find that in the biological community there is a fairly large swing in opinion about the sensibility of the present management. I would like to give an introduction to the committee and mention the old plan.

Firstly and very briefly, the old plan was something that was introduced in 1986. It was an interim management plan. Everybody knew that it was a short-term plan but it introduced statutory fishing rights in the way of boat units which the industry itself came to accept as being the currency of the fishery. They were units of capacity, as they were called in those days, and they had market values, on average around about \$3,500. The average boat in New South Wales would have been between 120 to 150 boat units, which would have translated to about \$420,000 to \$525,000 of statutory security, plus the boat itself, plus whatever licences it had on top. The old plan actually provided quite a deal of security both to the industry and to the financing sector.

The new plan threw that out, converted that into security based on quotas. The allocations, as I just heard the previous speaker mention—and I am sure other people have—did not reflect the proportionate unit holdings. In fact, they distorted them quite dramatically. Some people made multi-millions in capital gain. One boat in particular made around about \$10 million capital gain overnight at the stroke of a pen, whereas

other people were reduced to virtually zero in their stakeholding in the fishery. That is the history. It has been well documented. We made presentations to the Senate inquiry which culminated in the *Fisheries Reviewed* report, and the submissions that the Four Ports Management Committee put in would probably be worthwhile looking at.

I would now like to focus on the new plan and basically pose the question: what was it meant to achieve? Firstly, it was supposed to maximise economic efficiency; secondly, it was supposed to achieve ecological sustainability of the fishery; and, thirdly, it was supposed to minimise by-catch problems and a couple of socio-economic objectives and cost-effectiveness.

The track record of the plan has been very poor from its inception. I will speak about the economic side of it first. It has induced ceaseless and ongoing litigation. So far I would estimate—I do not have any figures, but I will have them shortly—that the litigation has cost the government in excess of \$10 million, possibly up to \$15 million. As soon as the plan hit the decks in January 1992, it was taken to the Federal Court. It was voided in March. It was voided again in July, it was voided again in October and, finally, again in 1993. The plan was regarded by the full bench of the Federal Court as being irrational—the allocation formula.

The amount of money that has been spent on that could have been used to buy out the capacity which fishermen have mentioned before. The money that was spent would have achieved the objectives that are stated in the act without much further disruption to the fishery. It has not. In fact, that money has been spent by the government and the general taxpayer because the industry is not the only one that pays. The industry only pays towards surveillance and monitoring. But the general taxpayer pays for enforcement. So the general taxpayer is also copping it in the neck over this one.

The new plan has also increased the costs dramatically for both industry and government. As I mentioned, the litigation costs have been huge and ongoing. There are several court cases in train at the moment. I also understand that several more have just commenced. Apart from the straight out litigation, the surveillance budget is horrendous. It averages out at over half a million dollars per year or about \$5,000 per boat per annum—in other words, about \$100 per week before a fisherman can even start his or her engine to go to work. The monitoring and the paperwork which is involved in this plan has gone to ridiculous extremes. The costs involved in the surveillance and monitoring is probably about five times as much as it should be.

I would like to table a letter sent to Benjamin Innes, a fisherman from Bateman's Bay in the south-east trawl. It is headed 'Notice to SEF operators remaining over-quota for 1995' and states:

AFMA records show that you remain in an overquota position for the 1995 fishing year despite being sent regular quota status reports repeatedly warning you against remaining in an overquota position, and the application of 20% carryover of debits.

You are reminded that being in an overquota position for 1995 is a breach of your Fishing Permit conditions for that year, and as such, you could be prosecuted for an offence under the Fisheries Management Act 1991.

Also a breach of the permit conditions can lead to a cancellation of the permits. It all sounds very serious

until you look at the supposed offence of a species. There is blue warehou. The over-quota situation is four kilos—\$4 or \$5. These letters are sent out to every operator constantly. We have probably destroyed half of the south-east forest because of AFMA's paperwork.

**ACTING CHAIR**—Did you read all that?

**Mr Harasymiw**—No, I have not read the lot, so I would like to have it incorporated.

**ACTING CHAIR**—It is proposed to incorporate the letter into the *Hansard* transcript of proceedings. Are there any objections from the committee? There being no objections, it is so ordered.

*The letter read as follows—*

**Mr Harasymiw**—Another example is the log books that have to be filled out by fishermen. These are documents that fishermen have to complete while they are rocking and rolling out at sea. They have to make estimates of what they are landing. If they are wrong in their estimates, they can be prosecuted. I will rip out some of these pages for the committee to have as a memento of the sort of administration because the amount of paperwork is just ridiculous.

**ACTING CHAIR**—We can take those.

**Mr Harasymiw**—Added to that, there are the regular feel-good documents that get sent out, like TAC versus catch reports, all sorts of things that keep getting sent out just non-stop. I would say that every fisherman would probably receive three to four inches in depth of paper every year from AFMA. Ninety nine percent of it is totally irrelevant to the fishermen and their operations. In most cases they would not even read it, it is so valueless.

**ACTING CHAIR**—Why do you think they send it out then?

**Mr Harasymiw**—I suppose it is an organisation that has to justify its existence, and I will be quite blunt about that. We could reduce the administration, I would say, by half in the south-east trawl without any problems whatsoever. I think if you asked any of the gentlemen behind me they would concur.

**ACTING CHAIR**—You don't think there is a need for logbooks?

**Mr Harasymiw**—I don't say that there is not a need for logbooks. The system as it stands, being based on 16 species, individually quoted, creates problems which are totally unnecessary. I think the system itself could be simplified dramatically and still achieve the same and even better biological protection for the species and economy for the fishery.

If I could then still proceed with the economic failings as I see them, each year, apart from a couple, the TACs are not being caught up to their capacity. So the maximum potential is not being achieved. That may be for a number of reasons, but it has happened. The system has increased effort and, therefore, cost, but it has reduced catches. I would like to draw your attention to an official government document produced by AFMA. You can photocopy this page or you can take my word for it. It is page 3 of the South-East Trawl Fishery Logbook Data Summary 1986 to 1995—an AFMA document. The bottom chart shows the increase of effort in terms of hours trawled in the south-east fishery and shows a steady decline in the landing since the introduction of this plan. That is, again, for a number of reasons—high grading, dumping, and all sorts of things. The plan itself is, in fact, creating economic inefficiencies. There is a lower return per unit of effort than there was previously.

**Mr NAIRN**—What period was that for, 1986?

**Mr Harasymiw**—This is a logbook data summary from 1986 to 1995. It gives a very nice comparison between the pre-quota plan and the post-quota plan and shows that the post-quota plan effort has gone up and return has gone down. So it has not achieved the supposed objectives. Other speakers have mentioned the costs of leasing, which are preventing any supposed autonomous adjustment in the fishery. I



think that it was an economic vogue in the 1980s, dry rationalism—‘We’ve got to be pure and simple and let ITQs be the vehicle for people adjusting their holdings, maximising their economic efficiency,’ et cetera. It has not worked.

Simply it is a system which will never work because fish are sold by grades. There will be small fish, medium fish, large fish, extra large fish in some cases, and each of those grades of fish—within the one species I am talking about here—has a different price. Small fish are less and extra large fish are more per kilo. Quotas reflect fishermen’s potential annual income. Therefore, fishermen must maximise their returns. They tend to keep the larger fish as much as possible and this also then reflects the leasing prices that are being asked by people who hold quota and want to lease it out. They will always gear their price of leasing to the high level of the market rather than the low level of the market. Consequently, the quota system is forcing leasing prices and purchase prices up and, therefore, forcing high grading. It is an inescapable fact of life in this fishery. That is just generally about the economic matters, a broad brush.

In terms of has it done anything regarding ecological sustainability and the bycatch questions, which are the specified objectives in the act, no again. It in fact has exacerbated the problems. Even as recently as last week I was speaking to one of the government biologists and he freely admitted that, in his opinion, the quota system has exacerbated the dumping problems.

**ACTING CHAIR**—You do not want to name him or—well, you better not name him, unless he gives you permission.

**Mr Harasymiw**—I better ask him first, but I am sure he would not mind. Anyway, I will reserve that, if you do not mind. I will ask him first and, if he is quite happy to be named, I will supply the name afterwards. In fact, I can say this because it is in evidence in one of the court cases: Bob Kearney, who was the head of the Fisheries Research Institute of New South Wales and he was also the chairman of the Demersal and Pelagic Fisheries Research Group, which was the primary biological information supplier to AFS and then AFMA, in fact in a paper has said, quite categorically, that he concludes that in a multi-species fishery such as our own quotas are not the way to manage.

So the question is: has it done anything for ecological sustainability and bycatch? The only thing it has done is that it has created forced dumping. There are two categories of dumping, I must make it quite clear to you. There is statutorily enforced dumping—and I will explain that in a second—and dumping due to high grade. I have already described why high grading occurs, and I will now explain what forced dumping is.

One of the species which was historically a key species was gemfish. For all intents and purposes, since the introduction of the ITQ plan, the TAC for that species has been set at zero—in other words, no catch, apart from a very small trip limit which AFMA permits. Unfortunately, gemfish do not swim alone. Fishermen were handed out quotas of associated species like mirror dory and ling and ocean perch and so on, which they are supposed to try and make a living out of. So they go out to try and catch the mirror dory or whatever, and it is absolutely impossible for them to miss gemfish. So gemfish get caught and gemfish get dumped because there is a zero TAC. It is a system which is designed to in fact kill the most endangered species. It is an absolute nonsense to say, ‘You must not catch gemfish but go and make your living out of

these other species.' It is an absolute nonsense.

There is now record high discarding. There have been a number of scientific programs undertaken. The scientific monitoring program, which is an ongoing program, indicates just the level of dumping. This is a whole document, but what I would like to show is, for instance, a species like redfish, in which there was a low TAC under the original ITQ allocations, and you will be able to see from the catches here—if you do not mind, I will have these pages incorporated as well—the amount of dumping of that species in fact far exceeds what is actually now retained. Again, it is a system causing a lot of ecological damage.

Also, on the bycatch issue, which is a third of the specified objectives under the Fisheries Management Act, there is no doubt about it now, but there is now a heavier emphasis and there are now increased landings of non-quota species. So the effort shift has not only caused problems within the quota species themselves but is now causing—well, I do not know whether it is causing problems, but has certainly increased the landings of non-quota species. So it raises a question mark about the long-term sustainability of other historical bycatch species.

Just to give you an example, I have got two very brief videos, if you would not mind watching, and this will give you some idea. If you count, say, about \$10 to \$15 per fish that is going over the side, you might have some idea of how much is dumped every day at certain times of year.

**ACTING CHAIR**—Thanks very much.

*Videos were then shown—*

**ACTING CHAIR**—Could I receive the logbook sheets?

**Mr Harasymiw**—Yes, I have them here.

**ACTING CHAIR**—Have we got the south-east trawl fishery logbook summary?

**Mr Harasymiw**—Yes, I think you have already photocopied that one.

**ACTING CHAIR**—Do we have appendix A, 'Species summaries'?

**Mr Harasymiw**—Yes, that has been photocopied.

**ACTING CHAIR**—And you will let us have the video of that?

**Mr Harasymiw**—Yes. I will also get you a copy of the letter from Richard Stevens about no landing of gemfish, as we suggested.

**ACTING CHAIR**—It is proposed that the documents I just read out are exhibit nos. 5, 6, 7 and 8. Is there any objection from the committee? There being no objection, it is so ordered.

**Mr Harasymiw**—I have just a few comments about the videos. There is quite a clear difference of opinion between the fishermen and the bureaucrats. Fishermen tell you from their own experience that you cannot target species to the exclusion of others whereas obviously there is a perception in the bureaucracy that you can. It is a nonsense. Dr Jeremy Prince, who is a biologist, is about the only biologist who has taken the time to go out on boats in the south east fishery and he has done a complete reversal in his thinking. As you noticed, he is now actually condemning the quota system as a tool of management.

If I can be very quick about some of the conclusions here. I want to pose the question again, could AFMA have done anything to correct the problem? Yes, but it never seriously attempted to, in my and many other fishermen's opinions. They held several reviews where the terms of reference were so narrow that they never looked at the fundamental question of the allocation formula and what it was actually doing. It also had an opportunity to do something when the court invalidated the quota system. The system was in for only one year. The plan expressly expired at the end of 1992. AFMA still did not do anything. It had the chance to start all over again in 1993 and it never did anything.

It is now almost exactly five years later. On 1 January it will be the fifth anniversary and AFMA has sat on its hands. The conclusion is black and white. The new plan is now out for public comment. I can put in a sentence what the plan says. It says what you have today you get tomorrow. It is as simple as that. There is no variation and it is just perpetuating the mess that has been created.

It has been condemned, as you know if you read the fisheries review report. There was a clear conclusion there. We have got widespread industry unrest. I have just had the benefit of going through quite a number of port visits starting round from Adelaide and going right around the coast, and I can tell you that the unrest is growing and something has to be done. The plan is not achieving its objectives. It is, as I say, leading on to further litigation which, as I pointed out in a letter to the government, could, if the litigation is successful and AFMA fails, expose the government to tens of millions of dollars worth of damages. There are solutions which have been proposed and I would like this committee to take it on board seriously and ask AFMA to review its position.

**Mrs STONE**—Have you presented an alternative detailed plan?

**Mr Harasymiw**—Yes, we have. Basically what we feel is one of the important issues in a mixed species fishery is to introduce what we describe as 'cluster quotas' on species which are not endangered and leave endangered species out of those naturally for individual species management. We also see that it will achieve greater economic stability in the fishery too. One of the major failings in the TAC/ITQ system is that as each species is treated individually, TACs can be varied up and down pretty well willy-nilly. We have had the experience of the orange roughy TACs going down to such a low level that, as fishermen mentioned earlier, it is no longer viable. We have had the gemfish TAC go down to zero.

Lending institutions will always look sideways at a TAC/ITQ system. On the other hand, the concept of the cluster quotas, in fact, gives a much more stable thing because this fishery has been landing very much a steady aggregate quantity of fish into the markets since the 1950s and 1960s—say, the 1960s—so there is a long record of the quantity staying stable but the individual species abundance varying. That is an established biological fact, recorded and so on. Cluster quotas will have that stabilising effect of actually providing

economic security and also biological sense.

We also feel that we have got to protect the people who have already invested in the fishery. Obviously there would have to be some sort of consideration about how to secure that stability. One of the things that was suggested by fishermen at the recent meeting and which I heartily endorse is that the old unit system should be reintroduced because that is not dependent on the abundance of fish or the availability of fish. It is a commodity that is there which is tradeable and which also can be used as a long-term effort restructuring process. There was a 20 per cent forfeiture clause under the old plan where if people upgraded boats they had to buy additional units and, on purchase of the additional units, they forfeited 20 per cent. That sort of system can still be used in conjunction with a cluster quota system.

I would like to say that back in 1993 the New South Wales Commercial Fishing Industry Council also suggested that the allocation should much more effectively reflect long-term involvement of fishermen and also to recognise the basic investment of each fisherman in the fishery which has not been done under this plan at all. There are other solutions as well.

**Mrs BAILEY**—Can I just ask you a question at this point? In looking at the overall management, as we know, there has not just got to be the economic viability and sustainability for those in the industry but there has to be the sustainability of the stock. In your concept of these cluster quotas—and I think you said that there is evidence going back that the level of stock has remained fairly level—on what are you basing that? Can you point us to any scientific evidence that is substantiating your suggestion for the cluster quotas?

**Mr Harasymiw**—Yes, in fact there are three sources of information on this. There is the Sydney Fish Marketing Authority's annual sales figures that you can get; the Melbourne markets'; and also AFMA's figures, which come from various sources, which we have studied, and in fact it is being presented as a record in an affidavit in one of the court cases. So there are well-documented levels of landings going back for decades. One of the books that you could use—and I have not brought it here—is the south-east fishery assessment group report. The most recent one is edited by Jean Chessen from the Bureau of Resource Sciences.

**ACTING CHAIR**—Is that put in some sort of scientific basis or is it just—

**Mr Harasymiw**—It just records the levels of fish landed, species by species.

**Mrs STONE**—The trouble is, as you all have been saying to us, the landings are no indication of the catch. So, surely, what you are quoting is what the market is prepared or the legislation is prepared to take, not the actual catch which is dumped at sea or whatever.

**Mr Harasymiw**—No. This is why I mentioned the EFIC figures from this other report. The landings themselves reflect what is caught and taken into the market.

**Mrs STONE**—Exactly. So it is no indication of what is happening to the biomass.

**Mr Harasymiw**—Yes, exactly. The trouble is—and this again relates back to what I said earlier—in

fact, what is now being landed is the high graded stuff. So you are getting the same amount of landing but more discarding than what was happening previously. Because of the limitations on catch and the need to maximise the dollar return, we are still seeing the same landings, because that is what the market wants—X kilos per annum of stock—but now the stock is no longer bringing in the landing, so what we are in fact seeing is empirical evidence that there is more being caught and more being discarded.

**Mrs STONE**—I guess that what you are describing is the fact that we have no real data on what is happening to the biomass.

**Mr Harasymiw**—Exactly.

**Mrs STONE**—So your cluster concept cannot really rely on scientific data.

**Mr Harasymiw**—Yes, it can. One of the things, if we had the time to spend here—which we will not, but I am quite happy to talk about it later—is if you look at the species by species scenario of the landings, they will vary by up to 150 per cent, that is almost two and a half times from year to year in one species. On the other hand, there are some very strong correlations between some species in their fluctuations from year to year and nil with others.

But the overall is in fact a band that is probably only about 14 per cent variation. So what you can do is, species by species, if you wish to go that way, you can actually have upper confidence limits and lower confidence limits of what will be expected to be caught within each year—what you could refer to as a reasonably expectable catch by species.

**Mr ANDREN**—So we are not wasting that sort of fish that you saw there being thrown overboard, are you looking at a total allowable catch where, once that amount is reached, we just stop the catching of that species until the next season?

**Mr Harasymiw**—It depends on where you are coming from. If you are talking about an individual species situation, then you have got no choice—which is the present system. The only problem with doing it by individual species is, let us say I catch up my flathead quota but I have not caught my john dory quota, I still go on catching my john dory but, as an inevitable consequence, I will still keep on catching flathead.

As has been pointed out, it is either too expensive to lease or, if the TAC in flathead has been caught up, you cannot lease it anyway, so all that happens is that the fisherman has got to then dump that species. This is what we would like to see avoided. Fishermen are keen on preserving their own future. They are just as keen to preserve their own future as anybody else. In fact, it has got to be clearly understood that fishermen fish for dollars, not for fish.

**Mr ANDREN**—Is there any scientific evidence to suggest that if you are targeting one quota that you are allowed—your flathead or whatever—and you pick up a non-allowable quota species, the chances are that you would pick up this non-targeted species 10 or 15 per cent above what your quota is? Is there any room to allow for that sort of margin within a catch?

**Mr Harasymiw**—No. AFMA has tried that, the 20 per cent under and over system. That harks back to the letter that I gave you from Merv Innes where it says that, even taking into account the 20 per cent carryover of levels, it is impossible. Hard and fast rules just do not work when species abundance can vary up to 140, 150 per cent.

**Mr ANDREN**—You speak of the shore based speculators moving in to purchase quota and to lease back. How prevalent is it and by how much has it forced up these prices, and do you believe there should be demonstrable activity in the industry as a prerequisite for any quota allocation or whatever your suggested alternative might be?

**Mr Harasymiw**—There are two points to that question. Firstly, when the non-active or what is referred to as the class B permits were introduced—and this is just how ridiculous the plan is—it was never thought through in the legislation that levies can only be collected as against permits, not as against quota allocations. So what happened is that people started to buy quota, and newcomers to the fishery mainly, but did not have permits. Therefore, we ended up with a situation where there was a threat to the levy base because everybody could have given the quota to their brothers or sisters or somebody without a permit and there would have been no levy paid.

To accommodate a legislative oversight, AFMA invented class B permits so that they could charge a levy. They have got two problems: firstly, they take the quoted species out of the bundles—let us put it that way—so fishermen have got to lease that, but it is too expensive, so it further distorts the biological composition of the quota system itself. Secondly, it increases the potential effort, because one of the conditions attached to these class B permits is that they can go fishing for four months of the year to catch their holding of quota, but are not allowed to take any by-catch. How ridiculous can you get? The thing is, they can go fishing for four months to catch their quota species, when all the biological evidence says you cannot catch those fish unless you have by-catch. In other words, the plan again says, ‘Go catch, but dump.’

**Mr NAIRN**—Briefly, with a cluster system, how does that still work for something like gemfish, for which currently there is no TAC because it is supposedly endangered? I know you would probably argue that it is not as endangered as AFMA believes, but, because it is a species that swims with other fish, how do you get around an individual quota on the endangered ones?

**Mr Harasymiw**—I have got no problems with having individual quotas on key species which have got evidence to suggest that they are under threat. The cluster quota fishing concept could not include those species, but they would in fact allow fishermen to either move further out into deeper water or into shallower water during the peak season for the gemfish—their spawning run. But I would like to actually take this opportunity to mention something about the gemfish. There was a research project done this year. There has been a lot of controversy about the adequacy of the biological evidence. The project this year indicates that, from what is apparently a record low breeding stock, there is in fact a record high recruitment. This seems to suggest that the previous assessments may not have been right, that there may be a recruitment phenomenon going on which the scientists did not understand in the past and which the industry has been saying all along. The recruitment failure that was used to justify the introduction of the CRATAC may have been based on erroneous assumptions.

**ACTING CHAIR**—We always receive evidence that everything is hunky-dory out there. All the evidence that we get is that there are more fish there, the science is wrong.

**Mr Harasymiw**—If you do not mind me extending that a little bit, redfish is another good example. Redfish, on the introduction of the quota system in 1992, was reduced from historical landing of around about 2,000 tonnes per annum to I think the original TAC of 600 tonnes. Then, after a lot of dumping and a lot of political friction between the industry and AFMA, AFMA and the government scientists conceded that there seemed to be a very strong recruitment pulse. The strange thing was that the recruitment pulse was about 20 years old. These fish do not just sit on our continental shelf, they come and go. The industry has been saying that we are a narrow shelf here, that the stock does not just sit there, that we are not the only predators and that we are not the only causes of mortality. In fact the research is very poor. I think it is only on four or five species that they suggest that they have any information; on the others they freely admit that they have got nil.

**ACTING CHAIR**—Do you think that putting the science and fisherman together is a good idea so that you build up more trust and understanding from both sides?

**Mr Harasymiw**—Yes, and there should be more emphasis on doing something like that which is done in New Zealand where there is a permanently funded biologist who is independent both of industry and of the government ranks so that there is the possibility for a comment to be made which is unsolicited by either side. Let us face it, in Australia, which is a fairly small nation, there are very few independent biologists, and those that are independent in many cases depend on funding through AFMA or through FRDC and it is not always in their interests to speak out.

**Mr ANDREN**—Despite your doubts about the science perhaps, you do speak of the potential for a stock collapse of some key commercial species in your submission. Which species are you particularly concerned about? The second part of that is: are you satisfied that, say, CSIRO is able to put enough effort into establishing biomass and how would you suggest that we utilise our existing resources better?

**Mr Harasymiw**—Which species may face collapse I do not know. In fact, nobody will know under the quota system because the data is being so distorted. Probably 95 per cent, if not more, of our data is from landings. As there is such an enormous amount of high grading and dumping going on, the landed fish no longer provide an accurate assessment of the composition. Our stock compositions and what they call cohort analysis and so on are the most commonly used analytical tools in the process at the moment. Therefore, you have got a situation where you can no longer rely on the data that is available to you.

As far as the CSIRO capacity goes, they have got some very good scientists—in fact I think that they have had and still have some of the best brains—but they do also have a problem, as I described earlier. Funding very much depends on acceptability of projects. At the moment the process is that every organisation has to apply for a research grant and this can create problems. They have the skill, but whether they will get the time to do it, I do not know.

**Mr ANDREN**—I gather you are a fan of input control rather than output measurement, are you?

**Mr Harasymiw**—In a multi-species fishery, such as this, yes. In fact, if you talk to biologists who have worked in multi-species fisheries, they are more and more talking about what they refer to as fixed escapement policies because, while we do not know what is being caught and what is on the bottom, you have got to try and develop policies. The development of these theories is only still in its infancy. But you have got to be able to ensure that a certain proportion escapes each year to form the basis of future breeding stocks. It is possible; gear technology is improving all the time. As was pointed out by the previous speaker, it is in the fishermen's own interest to sustain the biology of the fishery into the future. Given the incentive, the fishermen will do it.

**Mr NAIRN**—Lastly, you are on the working group that has been set up to look at the adjustment of quota. I know that is going to report at the end of the month, but, in speaking with the various fishing people and groups, is there anything additional subsequent to your original submission that you would like to add that might be useful for the committee?

**Mr Harasymiw**—As I mentioned earlier, it is quite clear to me now that there has been a very substantial change in attitude to ITQ management, even from operators who did well out of the allocation system. I have been talked to by some of them in terms of further comment and further direction. At this point in time I will not elaborate on that, but certainly I can say that I think it will come out quite clearly in the report.

**ACTING CHAIR**—Would you say that new technology and new gear is just making the amount of effort that we are putting into the fisheries, and this seems to be a world phenomenon, that we have got too much gear there?

**Mr Harasymiw**—We have, but could I just say this: overcapacity per se is not such a bad thing, or does not need to be a bad thing; it is only if it is used. In fact, when you look at the south-east fishery, it mainly operates out of small regional towns. Having overcapacity certainly introduces inefficiencies but at the same time does produce local economic benefits for the regions like extra fuel, extra transport and so on. If it causes a biological problem in terms of threatening the sustainability of stocks, then it is a problem.

**ACTING CHAIR**—Thanks very much for your contribution. You have given us a considerable amount of information and videos as well, so thanks very much for that. And thanks to everybody else that has come today again. You have all played a very important role in giving us the information we need to get a report together.

Resolved (on motion by Mrs Bailey):

That, pursuant to the power conferred by paragraph (o) of standing order 28B, this committee authorises publication of the evidence given before it at public hearing this day.

**Committee adjourned at 11.53 a.m.**