

***The Fisheries and Another Regulation Amendment
Regulation (No.1) 2015***

**Briefing for the Agriculture and Environment Committee
Queensland Parliament.**

**Prepared by Fisheries Queensland in the Department of
Agriculture and Fisheries**

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Introduction

The *Fisheries and Another Regulation Amendment Regulation (No. 1) 2015* is the subordinate legislation required to give effect to one of the key elements of the Government's *Sustainable Fishing Policy*, released during the 2015 election. That policy committed \$10 million to introduce three Net Free Zones (Zones) near Cairns, Mackay and Rockhampton in order to grow the economic benefits from recreational and charter fishing. Subsequently, the introduction of the three Zones were included as actions in the *Reef 2050 Long-Term Sustainability Plan* endorsed by the State and Commonwealth Governments and submitted to the UNESCO World Heritage Committee.

The Zones are designed to reallocate fisheries resources within the Zones from commercial net fishers to recreational fishers. The *Fisheries Act 1994* provides regulation-making powers that allow a Government to take such decisions.

The current assessments of Queensland fish stocks are made state-wide, with the majority of individual target species harvested on a sustainable basis, or at a level where there are no significant concerns. However, while that may be the case, it does not necessarily mean that stock levels are high. If current stock levels are compared to the level they would be at if no fishing were to occur the assessments indicate that the current stock levels are between 30% and 50% of their unfished levels. That is, they could be categorised as being "fully exploited".

The introduction of the Zones is designed to remove the commercial net take of inshore fish species that are important to recreational fishers in these Zones. In doing so, the fish populations within the zones are expected to increase both in terms of the numbers of fish and the size and age of fish. This is evidenced by the establishment of similar net-free areas in New South Wales and Victoria. It is this increase in the availability of fish that is expected to support increased recreational fishing participation and fishing tourism which in turn will have positive economic benefits which the Government expects to be greater than those currently generated by commercial net fishers.

There are currently 411 commercial fishing licences that are able to net fish commercially along the Queensland east coast. Of this 411, 281 licences are endorsed to use large mesh nets which are designed to take larger fish species, such as king threadfin salmon, mullet and shark, and 305 are endorsed to use small mesh nets designed to take smaller species which are more commonly used as bait. It should be noted that some licences have both large and small mesh net endorsements and that the take of barramundi is limited to a subset of 120 large mesh endorsements.

Analysis of commercial fishing logbook records between 2012 and 2014 show that the commercial net catch in the three zones represents approximately:

- 8% of the Queensland (east coast) net fishery catch, by weight.
- 6% of the Queensland (total) net fishery catch, by weight.
- 1% of Queensland seafood production, by weight.
- 0.1% of Australian seafood production, by weight.
- 33% of the Queensland (east coast) barramundi catch, by weight.
- 13% of the Queensland (total) barramundi catch, by weight.

Commercial fishing logbook records between 2012 and 2014 also show that 92 commercial licences fished for at least 1 day in the Zones and that 73% of the netting effort in the Zones is undertaken by 28% of the licences which have operated there.

The estimated gross value of product of commercially net caught fish from the Zones is approximately \$2 million per annum.

Public consultation on the boundaries of the three zones was undertaken between 15 May and 15 July 2015 with submissions being accepted through an internet survey tool or in writing. There were approximately 6,300 submissions with 90% of respondents supporting the introduction of Zones as they were proposed during consultation or wanting them to be expanded.

Reaction to the introduction of the Zones from different fishery stakeholders has been mixed. Many recreational fishers, charter businesses and conservationists believe the introduction of the Zones is a positive move that will improve recreational fishing and provide increased protection for species of conservation interest. Commercial fishers and related industries oppose the Zones believing that their impact on existing fishing businesses is not justified and will result in less fish being available to the community.

The implementation plan for the three Zones was announced on 21 August 2015 by the Honourable Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Sport and Racing. The plan included:

- a. The boundaries for the three Zones.
- b. A voluntary licence *Buyback Scheme* to be administered by QRAA. The buyback scheme target is to buy back at least 46 licences to ensure that commercial fishing effort does not move into other areas or into other fisheries.
- c. A *Settlement Scheme* to be administered by QRAA. The settlement scheme will offer payments to eligible commercial net fishers based on their fishing effort history between 2012 and 2014 in the Zones.

The regulation to give effect to the plan (the *Fisheries and Another Regulation Amendment Regulation (No. 1) 2015*) was gazetted on 11 September 2015 and tabled in Parliament by the Minister for Agriculture and Fisheries on 15 September 2015.

A disallowance motion for the regulation was moved on 15 September 2015 and the parliamentary debate is currently set down for 13 October 2015.

As such, the Parliamentary Committee for Agriculture and Environment has decided to examine the regulation in detail and has called a public hearing on the afternoon of 28 September 2015 with an expectation that the committee will provide a report to Parliament on or around 8 October 2015.

The Committee Membership includes:

- Ms Jennifer Howard MP, Member for Ipswich, Chair
- Mr Stephen Bennett MP, Member for Burnett, Deputy Chair
- Mrs Julieanne Gilbert MP, Member for Mackay
- Mr Robbie Katter MP, Member for Mount Isa
- Mr Linus Power MP, Member for Logan
- Mr Ted Sorensen MP, Member for Hervey Bay.

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Questions asked by the Committee

Ms Jennifer Howard MP, Member for Ipswich, and Chair of the Agriculture and Environment Committee wrote to Mr Jack Noye, Director-General of the Department of Agriculture and Fisheries on 18 September 2015 to request a briefing for the committee on the *Fisheries and Another Regulation Amendment Regulation (No.1) 2015*.

The committee asked four questions about the regulation, each of which is addressed below.

Question 1

The problem or problems that the Regulation seeks to address.

The Government's "Sustainable Fishing Policy" states:

"Fishing is part of the Queensland way of life and an important part of our economy. Because of its importance, a Labor Government will develop strategies to improve infrastructure for recreational fishers and also obtain the maximum value from the limited fishing resource.

Labor will seek to increase the economic value of the state's fisheries resource by recognising that the total value of fish caught by recreational fishing tourists includes spending on local tourism-related businesses such as charter boats, caravan parks and bait and tackle suppliers. In recognition of this, a Labor Government will establish net-free zones"

"A Labor Government will.....establish three net-free fishing zones in north and central Queensland."

"A Labor Government will set aside \$10 million to fund the necessary buyout of commercial fishing activity in these areas."

"It is anticipated that this funding will meet the compensation needed to establish the three proposed net-free fishing zones."

Current state-wide assessments of Queensland inshore fish stocks show most are harvested at a level where there are no significant concerns about sustainability, although that does not mean that stock levels are high overall. If current stock levels are compared to the level they would be if no fishing were to occur, they are between 30% and 50% of their unfished levels. From a scientific perspective the fisheries are categorised as being "fully exploited", that is they should not be subject to additional fishing pressure.

The problem therefore is how to increase the availability of fish to recreational fishers without creating sustainability concerns for the fish stocks. The Zones are designed to increase the local abundance of inshore fish species that are important to recreational fishers. By excluding commercial fishing nets, the numbers of fish within the zones is expected to increase both in terms of the numbers of fish and the size and age of fish. It is this increase in the availability of fish that is expected to support increased recreational fishing participation and fishing tourism which in turn will have

positive economic benefits which the Government expects to be greater than those currently generated by commercial net fishers.

The establishment of 30 recreational fishing havens across New South Wales in the early 2000's had positive effects on tourism. For example, Port Macquarie has one recreational fishing haven with the Hastings River closed to commercial fishing; Bermagui-Narooma has five havens, including Tuross Lake, Tuross River and Bermagui River. In 2005 (latest available data), Port Macquarie had around 79,600 visitor nights; Bermagui-Narooma 102,900 visitor nights specifically for the purposes of fishing – this represents around 17-20% of total visitor nights. Around 55% of recreational fishing in both Port Macquarie and Bermagui-Narooma is undertaken by visitors. The economic value of this additional tourism activity was between \$15-20 million per year.

The exclusion of commercial fishing nets from the Zones creates two issues. The first is that commercial fishers operating within the Zones will have to move to other areas and into other fisheries, referred to as "displaced fishing effort". The second is the *Fisheries Act 1994* clearly sets out that commercial licence holders are entitled to compensation where reallocation to another sector occurs.

It is for these reasons that the regulation establishes two schemes to be administered by QRAA. The first is a voluntary buyback scheme which targets the removal of approximately 46 licences to prevent displaced fishing effort. The second is a voluntary settlement scheme which is designed to give fishers a payment dependent on their level of fishing effort within the Zones. QRAA was selected to administer the scheme given their experience in delivering similar schemes to the commercial fishing industry over the past decade.

As an alternative to the two QRAA schemes, impacted commercial fishery licence holders could apply for compensation under the *Fisheries Act 1994*. Compensation under the Act is limited to licence holders and is calculated based on the loss of probable *taxable* income and any reduction in licence value as a result of the regulation change.

The important difference between the settlement scheme and compensation under the Act is that the settlement scheme is available to affected licenced commercial fishers whereas the compensation scheme is limited to the holder of a commercial fishing boat licence. A licenced commercial fisher must be in charge of every operation using a commercial fishing boat licence however the fisher does not necessarily own the commercial fishing licence. Therefore the settlement scheme provides a payment that would not otherwise be available through compensation under the Act.

Question 2

The likely impacts of the establishment of the three net-free fishing zones and other changes to restrictions on fishing provided for in the Regulation on:

Fish populations

The Zones are designed to increase the local abundance of inshore fish species that are important to recreational fishers. By excluding commercial fishing nets, the numbers of fish within the Zones are expected to increase as is the size and age of fish.

Current state wide assessments of Queensland inshore fish stocks show most are harvested at a level where there are no significant concerns and it is not expected that those assessment will change as a result of the introduction of the Zones.

Commercial fishing activities have been removed from a number of estuaries in Victoria and elsewhere in recent years. In many cases, the stated objective of these closures to improve the quality of recreational fishing has been achieved. Total mortality rate estimates of legal-sized black bream indicated a 20% increase in availability of fish (that is, mortality declined) following the removal of commercial fishing in Mallacoota Inlet. Approximately 72 tonnes of annual commercial fishing effort was removed in 2003 when commercial fishing was ceased in Mallacoota Inlet.

The marine environment

Commercial net fishing is an efficient and generally selective form of fishing where the fisher selects a particular mesh size to target a certain size of fish. Smaller fish are able to swim through unharmed while larger fish are not able to be tangled in the mesh. The nets are also used in a way that generally does not damage the physical environment.

However, these same nets are known to be responsible for the inadvertent capture and/or drowning of protected species such as turtles, dolphins and dugong and the incidental capture of protected fish such as certain shark species.

The Australian Department of the Environment lists the incidental catch of dugong by accidental entanglement in gill and mesh nets set by commercial fishers as a key risk to the population of dugong. Nets are considered to be a major, but largely unquantified, cause of dugong mortality in many countries, including Australia.

While the Zones are being introduced to increase recreational fishing opportunities, the location of the Zones is such that there are known populations of protected species in or around the zones that will likely benefit from the removal of nets and the reduced risks of accidental drowning. For example the Mackay Zone is a known area of high value to dugongs which is listed as Vulnerable in Queensland while the Rockhampton Zone is a known area for a large population of snubfin dolphins which is listed as Near Threatened in Queensland.

Existing holders of commercial boat licences and existing commercial fishing activities

There are 1,437 commercial fishing licences in Queensland that can work in one or more of the trawl, net, crab and line commercial fisheries in Queensland. Only the net fishery, in which 411 of the commercial fishing licences can operate, are impacted by the Zones. That is the regulations applying to 70% of commercial fishing licences are not changed at all by the introduction of the Zones.

Of the 411 netting licences that are able to fish in the Zones, 92 (or 22%) actually did so between 2012 and 2014. However not all licences are impacted to the same extent. For example 26 of these licences accounted for 73% of the effort in the Zones and 65 of those licences have recorded less than 15% of their fishing effort for the year in the Zones. Overall the number of "full time equivalent" licences operating in the net fishery within the Zones is around 4% of the total number of 1,437 commercial fishing licences in Queensland.

Without a buyback of licences, fishing catch and effort would be displaced into other areas or into other fisheries. Such a move would result in increased competition and conflict within the sector and between sectors as well as create the potential for localised pressure on the fish stocks. To reduce the possibility of displaced effort, the voluntary buyback scheme aims to remove approximately 46 commercial licences.

Supplies of local seafood from affected areas

The total net catch from the three zones represents 1% of Queensland's total seafood production and 0.1% of Australian seafood production according to the Australian Bureau of Agricultural and Resource Economics and Sciences. For the supply of some species, however, the Zones will have a greater impact. For example 13% of Queensland's net caught barramundi came from the Zones in 2012-2014.

While there will undoubtedly be a reduction in the volume of some species put into the market place it is most likely that the supply chain will adapt and that product from other areas or alternative product from other fisheries will be made available.

Recreational fishing, and employment opportunities in the commercial fishing industry and associated industries in affected areas.

The Zones are designed to increase the local abundance of inshore fish species that are important to recreational fishers. By excluding commercial fishing nets, the numbers of fish within the zones is expected to increase as is the size and age of fish. It is this increase in the availability of fish that is expected to support increased recreational fishing participation and fishing tourism which in turn will have positive economic benefits in local communities and create new jobs to support the increased activity.

Other jurisdictions have already benefited from this approach. In New South Wales (NSW), Lake Macquarie was closed to all forms of commercial fishing in 2002 and established as a recreational fishing haven. Surveys taken before and after establishment of haven indicated significant increase in availability of fish (because of reduced fishing pressure from commercial fishers). The mean and median sizes of many species has increased.

For the commercial fishing sector the reduction in licences, as a result of the voluntary buyback scheme, will likely result in a corresponding loss of jobs in the sector.

The impacts of the Zones on jobs in business that are reliant on the commercial fishery are unknown. While some impact is likely, it is difficult to determine its level as the activities of crab, trawl and line fishers will not be impacted by the Zones introduction and net fishing can still occur in waters outside the Zones. Due to the nature of the seafood marketplace, these businesses will be able to adapt should they wish by sourcing product from other regions, sourcing product from other fisheries or by developing new customers, potentially recreational fishers.

Question 3

A summary of the department's consultation processes for the Regulation, and the outcomes of those processes. The summary should explain the main concerns raised, and if and how these concerns have been addressed.

Following the January 2015 state election, officers from the Department of Agriculture and Fisheries undertook targeted consultation with the recreational, commercial and conservation sectors regarding the Government's *Sustainable Fishing* policy. As previously stated, this policy includes the commitment to introduce three net-free Zones.

Question on Notice No. 676 provides detail of the dates of meetings with commercial fishers. During the first series of meetings in March and April, it became evident that commercial fishers were opposed to the introduction of the Zones and that it was their view that the Government, while in Opposition, had failed to consult them in the development of the *Sustainable Fishing Policy*. In their view there were alternatives to Zones that should be discussed and adopted. The Honourable Bill Byrne MP, Minister for Agriculture and Fisheries and Minister for Sport and Racing, noted these views however advised that the introduction of Zones were an election and policy commitment of the Government and as such would be implemented.

While the *Sustainable Fishing Policy* committed to the introduction of the three Zones, it did not detail the size or exact location of the zones. In order to determine the boundaries of the Zones, public consultation was held from 15 May 2015 to 15 July 2015. During that time members of the public were asked to make an online or written submission to Zone proposed boundaries. The draft boundaries were based on Zones put forward by recreational fishers from each of the three areas.

There were approximately 6,300 submissions made during the public consultation phase with 90% of submissions supporting the introduction of Zones as they were proposed during consultation or wanting them to be expanded. Of the respondents, 49% were recreational fishers generally in favor of the zones, 46% identified as being members of the community or conservation interest who were generally in favor of the zones, 1% identified as being charter and indigenous fishers who were

generally in favor of the zones and 4% were commercial fishers generally against the zones.

Following this consultation, Government considered the feedback from the public on the Zone boundaries as well as the nature of assistance schemes that would be offered to commercial fishers to implement the Zones. On 21 August 2015 the Minister for Agriculture and Fisheries and Minister for Sport and Racing announced the implementation plan for the Zones.

The plan included revised boundaries for the Zones in Mackay and Rockhampton. The Mackay Zone increased by approximately 10.5% to include areas important for dugong protection while the Rockhampton Zone was reduced by approximately 32% to exclude areas not important to recreational fishing. Neither change greatly impacted existing commercial net fishing activities but the change will make compliance and education activities associated with the Zones easier.

The plan also includes a voluntary buyback scheme. The scheme was based on previous buyback schemes run between 2012 and 2014 and used market valuations of commercial licences with an additional premium of 20%. This 20% was explicitly suggested by the Honourable Tim Mulherin, then Minister for Primary Industries and Fisheries, during the 2006 Parliamentary debate associated with the introduction of compensation provisions into the *Fisheries Act 1994*. Feedback from all stakeholders was that the buyback scheme needed to address, as far as possible, the displaced fishing effort that the Zones could cause. The target of approximately 46 licences in the buyback scheme seeks to address stakeholder and fisheries management concerns related to displaced effort.

The implementation plan also includes a settlement scheme. Feedback from commercial fishers during discussions about the implementation of the Zones highlighted a concern that the only financial recompense for the commercial fishing industry was compensation under the *Fisheries Act 1994*. The industry was concerned that such compensation was only available for the holder of a commercial fishing boat licence and was based on their taxable income. As such they were seeking an alternative scheme that would be available to a wider number of fishers and would be simpler to apply for.

It was not possible to accommodate all industry requests for inclusion in an alternative financial scheme. For example one fisher requested a payment equivalent to 10 years lost gross value of production. However, the settlement scheme does represent an alternative scheme to compensation under the *Fisheries Act 1994* and is available to many more fishers than has previously been the case in similar circumstances. The scheme provides a financial payment based on the amount of effort a fisher worked in a recent average year in the Zones.

Subsequent to the announcement of the implementation plan, the Department of Agriculture and Fisheries wrote to all net fishery fishers and licence holders to advise them of the plan and offered to meet with them on a one on one basis to explain the plan and the implications for them. More than 40 fishers have contacted the Department by phone and departmental officers travelled to Cairns, Mackay and

Rockhampton between 24 August and 9 September 2015 to meet with approximately 20 fishers face to face.

In addition to assistance provided by Departmental staff, fishers are able to access the free Rural Financial Counselling Service.

Question 4

The likely one-off and ongoing costs to government associated with the establishment of the net-free zones, enforcement of the zones, the payment and administration of compensation to affected fishers and other support for displaced fishers and affected businesses.

The Government has allocated \$10 million dollars to fund the introduction of the Zones including the payment and administration of funds to impacted commercial fishers and licence holders.

There is no financial support being offered to affected businesses, beyond that available to impacted commercial fishers and licence holders.

The ongoing costs of the Zones in relation to management, education, compliance and monitoring will be covered within the existing budget of the Department of Agriculture and Fisheries. Existing resources will be prioritised as required.