

### PAPER No. 3: Commercial Access Allocations

#### Executive Summary

The NTSC believes that commercial fishing access should be allocated as shares/units within each managed commercial fishery as a priority and that individual allocations be made based on the licence type held within a fishery.

#### NTSC Policy Position:

The NTSC position is that commercial fishery allocations should:

- Be carried out as a priority in each managed commercial fishery.
- Be issued as relative shares or units in the fishery.
- Be based on the relative value of an operators current licence in the fishery.
- Not be based on a licences previous activity or “*catch history*”.
- Only be carried out once with an operators allocated share being the only basis for the allocation of any future fishing rights.
- Carefully consider any previous statements or policies on allocation within a fishery.

#### Scope

This policy relates only to the allocation of access shares within managed commercial fisheries. Separate policies will deal with cross sector allocations and developmental fisheries.

## **Issues**

Access rights to the NTs commercial fisheries have already been issued in the form of commercial fishing licences, however these rights are poorly defined. The NTSC supports the explicit allocation of shares based on the rights issued under current permit system. The allocation of individual shares in a commercial fishery is an important first step in the effective management of the NT Fisheries. As recognised many fisheries problems occur because of the absence of exclusive individual rights.

### ***Allocating now***

If delayed the allocation process can become the most significant issue within a fishery. It is also important to note that equity considerations are greatly complicated through time. The NTSC believes the most important factor in minimising any negative impacts of allocations and effectively managing the NTs fisheries is to carry out commercial allocations at the earliest opportunity.

### ***Allocating Units***

An individual's allocation within a commercial fishery represents their share of the commercial access to that fishery. By issuing shares or units in a fishery we can effectively manage total catch or effort limits by attributing quota or gear on a proportional basis based on unit holdings. Share allocations also allow operators the flexibility to invest at a level that best suits their fishing operation.

The NTSC believes that to be effective allocations must be made as a proportional share of the fishery.

### ***Allocation Method***

A body of legal case history in relation to allocation of fishing concessions has been established both in Australia and overseas which demonstrates that fishing concession allocations resulting in a significant and differential economic impact on individual operators run the risk of being successfully challenged.

### ***Minimising wealth redistribution***

License values in NT Fisheries are established by an open market. These prices are driven by expected returns from operating in the fishery. No value has been placed on catch history because;

- NT Licences are fully transferable
- No investment warnings are issued on transfer
- Licences are trading in real time with expectation of equal access
- No "use it or lose it" arrangements are in place.

With no premium being paid for licences with catch history, licence value is an appropriate measure of wealth within the fishery. The NTSC believes allocations should be made proportionally on licence value within a fishery, with like licences receiving equal allocations. This is an equitable allocation which does not differentiate between fishers and seeks to minimise the economic impact of the allocation process.

### ***Single allocation***

If one repeatedly reallocates access rights on the basis of changing catch history, fishing concession values, and other factors, access rights will continue to be weak - making effective fisheries management impossible. The NTSC notes the importance of carrying out one allocation and making it clear that any future fishing rights will be allocated solely on the basis of an operators allocated share in the fishery.

### ***Previous Fishery Restructuring***

Numerous fisheries in the NT have already seen some form of licence consolidation processes. For example the two for one licence schemes in the Timor Reef and Inshore net and line fisheries. While the NTSC sees relative permit value as the principle tool for allocations, one must consider both the intention of any previous schemes and any policy statements made. The individual circumstances of these fisheries need to be carefully considered.

### **Rationale**

As fisheries develop the risk from overcapitilisation increases exponentially. Removing excess capital (vessels, infrastructure etc) from fisheries is costly both economically and socially. A key tool in avoiding this overcapitilisation and resultant pressure on the sustainability of the NTs fisheries is the establishment of well-defined, divisible, secure and transferable access rights. A principle step in this process is the allocation of these rights. Allocating shares in the NTs commercial fisheries will allow stakeholders to better consider the profitability of their operations and as important the future management options for the fisheries.