



Australian Government

Australian Fisheries Management Authority



Fisheries management paper 13

 QUOTA ADMINISTRATION POLICY

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Contents

1	Background	3
1.1	Purpose	3
1.2	Need.....	3
1.3	Quota Review Principles	3
2	Policy.....	3
2.1	Objective.....	3
2.2	Scope	3
2.3	Out of Scope.....	3
2.4	Exclusions	3
2.5	Policy.....	4
2.6	Policy Review	6
2.7	Policy Approval	6
3	Attachment A	7
3.1	Definitions.....	7

1 Background

1.1 Purpose

This document sets out the Australian Fisheries Management Authority (AFMA) policy for administering Individual Transferable Quotas (ITQs).

1.2 Need

The Australian Government has a long-standing preference for managing Commonwealth fisheries using statutory fishing rights (SFRs) in the form of ITQs. ITQs allow market forces to create incentives for fishers to become more efficient and also encourage environmental stewardship.

Introducing ITQs in a range of AFMA fisheries has resulted in a variety of quota administration arrangements. In 2009, AFMA committed to a regulatory simplification process to reduce the complexity of rules and remove inconsistency of rules between fisheries. As part of this process AFMA committed to review its quota administration arrangements. To guide the review, the AFMA Commission established a set of review principles.

1.3 Quota Review Principles

Quota administration arrangements should:

- I. Be simple and consistent across all quota-managed fisheries;
- II. Provide for all catches of quota stocks, including discards, to be accounted for against individual quota holdings;
- III. Not encourage fishing without authorisation; and
- IV. Minimise distortion of operation of the quota market.

2 Policy

2.1 Objective

To provide simple and consistent quota administration arrangements that contribute to AFMA achieving its objectives.

2.2 Scope

The policy covers the administrative arrangements for quota managed stocks for Commonwealth-managed ITQ fisheries.

2.3 Out of Scope

This policy does not cover commercial and traditional fisheries managed by the Protected Zone Joint Authority under the *Torres Strait Fisheries Act 1984*.

This policy does not cover mechanisms used to record catch or quota holdings. This includes SFR registers and catch decrementation records used during quota reconciliation processes.

2.4 Exclusions

Where fisheries are managed under the joint authority of AFMA and another Australian jurisdiction or international management body/arrangement, Australian Government obligations will take precedence over this policy.

2.5 Policy

AFMA's quota administration arrangements have been developed based on the quota review principles (see section 1.3 in this policy) and in pursuit of the objectives of the *Fisheries Management Act 1991 (FM Act)* and the *Fisheries Administration Act 1991*.

There are five key actions arising from the policy implementation. AFMA will be taking immediate action to:

- introduce a maximum 28 day "set period" for quota reconciliation; and
- remove personal-use allowances (take-home packs).

Actions that will be progressively implemented over a longer time period are:

- accounting for catches of quota stocks in overlapping and adjacent fisheries;
- review of under-catch and end-of-season over-catch provisions; and
- individual accountability of discards against quota.

1) Introduce a maximum 28 day "set period" for quota reconciliation

The *FM Act* and AFMA's fishery management plans require that operators hold uncaught quota prior to going fishing. In recognition that fishers may accidentally catch more than their uncaught quota holdings, AFMA may provide a reconciliation period to allow fishers time to balance their quota holdings.

The **maximum** "set period" allowed for reconciliation of over catch of quota stocks is 28 days from the date of landing of each quota species. It is the fisher's responsibility to monitor and reconcile their catches to avoid compliance action.

Fishers who do not reconcile within the "set period" will be subject to orders to return to port and/or suspension. Fishers will be able to make representation to AFMA during the "set period" as to why compliance action should not be taken. AFMA may exercise discretion in exceptional circumstances.

AFMA has the discretion to overlook small amounts of over-catch which cannot be reconciled (for example, due to rounding or minimal amounts) where it is deemed necessary. Implementation will occur on the 2013 fishery season start dates for affected fisheries.

2) Remove personal-use allowances (take-home packs).

In declared¹ Commonwealth fisheries, retained fish (quota and non-quota) must be disposed of to a licensed fish receiver. For quota species AFMA uses the fish receiver's verified weight to make deductions from an individual's quota holdings.

Management arrangements for the Southern and Eastern Scalefish and Shark Fishery, Bass Strait Central Zone Scallop Fishery and Small Pelagic Fishery permit amounts of quota species to be taken for personal use without being deducted from individual quota holdings and are therefore an exception to the general rule. This can distort the quota market and undermine SFRs. Personal-use allowances also increase compliance risks for quota evasion because there is no verified documentation from fish receivers for fish taken as personal-use.

AFMA will remove personal-use allowances to come into effect in the 2013 fishery season for affected fisheries by removing personal-use provisions from fishery management plans.

¹ Fisheries declared by AFMA under Section 91(1) of the *FM Act*.

3) Accounting for catches of quota stocks in overlapping and adjacent fisheries

Overlapping fisheries

AFMA recognises that fishers may incidentally catch quota species managed under separate plans of management in overlapping fisheries. In some cases, AFMA's legal framework does not allow the take of certain quota species in overlapping fisheries, which results in discarding. In other cases, it is unclear whether fishers need to cover the retained catch of quota species from overlapping fisheries with quota. Both scenarios can distort the quota market, undermine SFRs and increase the risk that the recommended biological catch for a particular stock may be exceeded.

AFMA's intention is that all catches of quota stocks in overlapping fisheries should be covered by quota. However, the extent of the implementation will depend on outcomes from a cost benefit analysis and options paper that will be developed in 2013. Subsequent implementation will occur in 2014.

Current management arrangements which exist to address quota issues in overlapping fisheries (for example, in the Great Australian Bight and the Gillnet, Hook and Trap fisheries), will continue.

Adjacent fisheries

Fishers may catch quota species that are managed under separate plans of management in adjacent fisheries. These catches are not required to be covered by quota. Where the catch amount is significant this can distort the quota market, undermine SFRs and increase the risk that the recommended biological catch for a particular species may be exceeded.

In adjacent fisheries where quota species are caught and are likely to be the same stock as in an ITQ-managed fishery, AFMA will establish catch trigger levels. Where catches exceed trigger levels, AFMA will review catches and take appropriate action consistent with AFMA's objectives. Triggers will be in place for the relevant fisheries by the end of the 2014 fishing year.

4) Review of under-catch and end-of-season over-catch provisions

AFMA's use of under-catch and over-catch provisions is guided by *Fisheries Management Paper 10 – Undercatch/Overcatch of Quota Principles, May 2003* and fishery management plans. While under-catch and over-catch can provide important operational flexibility to fishers, these arrangements can also distort the quota market.

AFMA will retain the current under and over-catch arrangements. They will be reviewed in 2015. The timing of the review will need to allow for consideration of the effect of the new within-season reconciliation arrangements (see section 2.5 (1)) and the outcomes of the Commonwealth Fisheries Harvest Strategy Policy review. Improved within-season reconciliation arrangements as set out in this policy have the potential to reduce the use of end-of-season over-catch allowances.

5) Individual accountability of discards against quota

The Commonwealth Harvest Strategy Policy requires that all sources of fishing mortality on fish stocks be taken into account when setting total allowable catches (TACs). In line with this policy, AFMA requires that each fishery provide an annual discard rate estimate for each quota stock².

A number of AFMA managed fisheries account for discards at the fishery level, that is, the total estimated discard amounts in the fishery are taken into account when setting TACs but are not deducted from individual quota holdings.

Accounting for discards at the fishery level can distort the quota market and undermine SFRs because fishers do not pay the full 'cost' of their discarding (for example, where they have higher than average discards or hold no quota at all for the discarded quota species).

Discards are prohibited in the Heard Island and McDonald Islands Fishery and the Macquarie Island Toothfish Fishery and are deducted from individual quota holdings throughout the season in the Southern Bluefin Tuna Fishery. This provides greater incentive for operators to avoid discarding because the 'cost' is borne by the individual fisher.

AFMA's intention is for discards to be accounted for against individual quota holdings in Commonwealth fisheries. AFMA recognises the potential high costs and feasibility challenges of implementing accurate at sea monitoring of discards. Noting this, AFMA will monitor opportunities to introduce individual accountability where it is cost-effective to do so, for example where increased at sea monitoring is being introduced as part of ongoing management.

2.6 Policy Review

This policy will be reviewed every five years, or more frequently as required.

2.7 Policy Approval

This policy was approved by the AFMA Commission in January 2013.

² AFMA's Program for Addressing Bycatch and Discarding in Commonwealth Fisheries: an Implementation Strategy, March 2008.

3 Attachment A

3.1 Definitions

“Adjacent Fisheries” refers to areas of Commonwealth waters that are adjacent as defined by Commonwealth fishery management plans. For example, Western Deepwater Trawl and the Southern and Eastern Scalefish and Shark fisheries are adjacent fisheries.

“Cost-effective” means achieving a desired outcome up to the point where the marginal benefit of expenses equals the costs.

“Discarding” refers to the return of catch to the sea.

“End-Of-Season Over-catch” is the term applied to arrangements allowing a concession holder who has over-caught their quota holdings in one season being able to have that amount deducted from their quota holding in the following season without prosecution.

“Fisher” refers to any holder of quota. Some holders of quota may not actually fish and will lease their quota right to others who will.

“Individual accountability” refers to accounting for all fish taken against a fisher’s quota holdings.

“Market Distortion” refers to influences in a market which change prices that are substantially different from the prices that a market would achieve while operating under conditions of perfect competition.

“Overlapping Fisheries” refers to areas of Commonwealth waters that overlap as defined by Commonwealth fishery management plans. For example, the Southern and Eastern Scalefish and Shark fisheries and Small Pelagic fisheries are overlapping fisheries.

“Personal-use allowances” are a prescribed amount of catch that is allowed to be given for personal-use (not sale) to a person other than a fish receiver. In some cases, this is not deducted from individual quota holdings. These allowances are sometimes called take-home packs.

“Quota” refers to a portion of the total allowable catch for a fish stock in a season.

“Quota Holding” refers to the total amount of quota that is held in a season.

“Quota Species” refers to a species of fish which is listed as being under quota in a management plan.

“Quota Stock” refers to a specific allocation of quota species, normally defined spatially. For example, there are four quota stocks for Orange Roughy which are defined spatially.

“Reconciliation” refers to the process of balancing catches against quota holdings within a season.

“Under-catch” is the term applied to arrangements that allows a concession holder who has not caught their entire quota holding in one season to carry forward part of that uncaught quota holding into the following season.