

<u>TROPICAL ROCK LOBSTER WORKING GROUP</u>	Meeting 27-28 November 2007
30% tender reduction in 2008	<i>Agenda Item No. 1.1 FOR DISCUSSION</i>

PURPOSE

To seek a recommendation from the working group on the way the 30% tender reduction for 2008 should be administered.

BACKGROUND

The PZJA decisions from their 21st meeting record that the Standing Committee would provide feedback to the PZJA on the way that the 30% tender reduction should be applied in 2008 (see agenda item 1).

Rather than seek such advice from the standing committee DAFF has proposed that the Working Group be asked to provide a recommendation to the PZJA for an out of session decision.

Past reductions have operated on the basis that the season was a 10 month fishing season so therefore there were 7 fishing months per tender following the 30% reduction. Each licence was in effect credited with a number of "tender months" based on the number of tenders and seven months per tender with the exception of one tender licences that were able to operate their one tender for the full season. Thus, for example, a two tender licence was able to operate for 14 tender months. These months were applied in such a way that one tender was able to fish for ten months while the other could be fished for the first four months only. Table 1 shows how this application of the reduction affected operations of all boats.

Table 1. Tender months that could be worked under the reduction as it was administered in 2006 and 2007.

Number of Tenders	Tender Months	Months first tender could operate	Months second tender could operate	Months third tender could operate	Months fourth tender could operate	Months fifth tender could operate	Months sixth tender could operate	Months seventh tender could operate
1	10	10						
2	14	10	4					
3	21	10	10	1				
4	28	10	10	8	0			
5	35	10	10	10	5	0		
7	49	10	10	10	10	9	0	0

Fishers have pointed out what some of them believe is an inequity in the way the reductions have been applied, namely that one tender licences have no reduction while all others do. Further, they have pointed out that there are operational inefficiencies flowing from the rules on how the 30 percent reduction was to be applied. This relates to the fact that the primary vessel operates less efficiently by towing less than their full compliment of tenders, ie by the end of the season each licence with two or more tenders is forced to operate without its full compliment.

There are other ways that the 30 percent reduction could be applied. For example it could be applied only during the eight months when hookah was permitted or it could be applied so that boats were able to use all of their tenders for a shorter period, eg. seven months. The seven months could also be made flexible so that fishers could choose when they want to be in the fishery.

The relative merits of these alternatives are compared below.

OPTION ANALYSIS

Option 1. 30 percent reduction during eight month hookah season versus a ten month season

The reduction applies to the TVH boats only. For the most part these boats only operate in the fishery during the months when hookah is allowed between February and September. Thus a thirty percent reduction would expect to limit the number of tender months that these boats would operate by about the same amount, table 2.

Table 2. This table compares the number of tender months operators could use hookah when the period they fish is either based on the full ten months of the season or just the 8 months hookah can be used under the 30% reduction and the rule that fishing must commence in the first part of the period. For the eight month period this is February to September and for the 10 month period it is January to December (excluding October and November).

Number of Tenders	fishing period	
	8 months	10 months
	months with hookah	months with hookah
1	8	8
2	11	11
3	17	16
4	22	23
5	28	28
7	39	40

Option 2. Fishers use all their tenders to fish under a 10 month fishing period until their tender months are expended but they must start in January.

Option 2 uses licences of each category that are expected to be in the fishery in 2008. It uses the following rules:

- that the fishing period is 10 months starting in January; and
- a) the tenders get months allocated as per previous arrangement; or

- b) fishers use their full compliment of tenders until their tender months expire (still starting in January); or
- c) nominate any of the months during the season they may use their full compliment with the assumption made that, given the opportunity, each fisher will use all of their tenders from the start of the hookah season.

The analysis shows that the total number of tender months may increase and the pattern of effort would shift towards the opening of the hookah season under the assumptions set out above, see Table 3 and Figure 1. It seems likely that this would, in fact, be the tendency. If the January start rule was not included then there would be more tender months used because some licence holders at least would fish later in the season while hookah is still allowed.

Table 3. Three alternatives for the 30 percent tender reduction are compared. In the top panel the system used in 2006-7 is shown (option 2a) and in the second panel the system where fishers may use their full compliment of tenders from the commencement of the season in January until their tender months are fully utilised (option 2b) and finally in the third panel option 2c where they may use their full compliment in any month but the assumption is made that they will commence activity in February.

Tenders	Previous packages	Packages in this	Jan	Tender months used under old application of reduction Option 2a									Dec	sum hookah	sum total months
				Feb	Mar	Apr	May	Jun	Jul	Aug	Sep				
1	7	3	3	3	3	3	3	3	3	3	3	3	3	24	30
2	5	4	8	8	8	8	8	4	4	4	4	4	4	44	56
3	6	4	12	8	8	8	8	8	8	8	8	8	8	64	84
4	4	1	3	3	3	3	3	3	3	3	3	2	2	23	28
7	1	1	5	5	5	5	5	5	5	5	5	5	4	40	49
Total	23	13	31	27	27	27	27	23	23	23	23	22	21	195	247

Tenders	Previous packages	Packages in this	Jan	Tender months used under option 2b									Dec	sum hookah	sum total months
				Feb	Mar	Apr	May	Jun	Jul	Aug	Sep				
1	7	3	3	3	3	3	3	3	3	3	3	3	3	24	30
2	5	4	8	8	8	8	8	8	8	8	0	0	0	48	56
3	6	4	12	12	12	12	12	12	12	12	0	0	0	72	84
4	4	1	4	4	4	4	4	4	4	4	0	0	0	24	28
7	1	1	7	7	7	7	7	7	7	7	0	0	0	42	49
Total	23	13	34	34	34	34	34	34	34	34	3	3	3	210	247

Tenders	Previous packages	Packages in this	Jan	Tender months used under option Option 2c									Dec	sum hookah	sum total months
				Feb	Mar	Apr	May	Jun	Jul	Aug	Sep				
1	7	3	3	3	3	3	3	3	3	3	3	3	3	24	30
2	5	4	0	8	8	8	8	8	8	8	8	0	0	56	56
3	6	4	0	12	12	12	12	12	12	12	12	0	0	84	84
4	4	1	0	4	4	4	4	4	4	4	4	0	0	28	28
7	1	1	0	7	7	7	7	7	7	7	7	0	0	49	49
Total	23	13	3	34	34	34	34	34	34	34	34	3	3	241	247

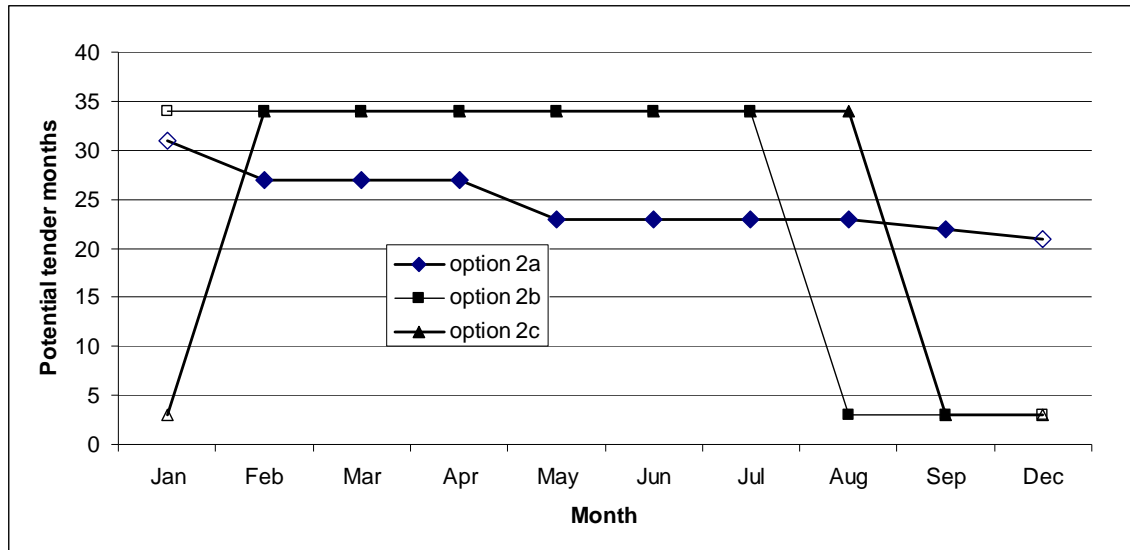


Figure 1. Graphical representation of the results shown in Table 3. Open symbols in January and December denote these as being no-hookah months.

DISCUSSION

There seems to be no basis for the 30 percent reduction to be applied only to the 8 months hookah season. The outcome is slightly better for some packages and slightly worse for others, but over all it is little different and the season is a 10 month fishing season.

Table 2 shows that providing greater flexibility in how fishers nominate the months that they will use their hookahs increases the number of months that hookahs may be used which makes sense. However, arguments for or against the results shown above could be made. The fact is that there is too much uncertainty to know what licence holders will do as they react to opportunities to fish on the east coast or in the Torres Strait, fully crew all their tenders or not, or even to remain active at all in the fishery. Likewise the makeup and ownership of the licences in 2008 is unknown.

Uncertainty aside, it is reasonable to assume that many licence holders would want to use their full complement of tenders early in the season if they were allowed to, particularly with the 2007 pattern of catches fresh in their mind, i.e. “the early bird gets the worm”. So a further issue with greater flexibility would be that it may shift effort towards the early part of the season. Shifting effort earlier would probably be a comparative disadvantage for the community fishing sector that cannot move to another fishery and makes its catches throughout the season. Balancing this is the fact that there will be substantially fewer non-community boats in the fishery in 2008 and the community sector may have less competition in the fishery – depending on the level of PNG activity, its effectiveness and spatial distribution.

From a compliance perspective it is somewhat easier to enforce the reduction as it has been applied in the past purely and simply because many people already have a good idea when licences with various numbers of tenders should be operating particular numbers of tenders. This helps in the detection and reporting of breaches of licence

conditions. However, a case based on compliance alone is not enough to pick one alternative over the other.

With regard to the question of equity, single tender licences have been quarantined from the reductions ever since the tender reductions were first introduced in 2003.

Arguments for this arrangement were originally made by the non-community sector on the basis that one tender licences need to be able to fish for a full season to be economically viable. This argument was accepted and has not been challenged to any extent since. This Working Group can provide its view on this matter to the PZJA.

RECOMMENDATIONS

1. That the working group recommend applying the 30 percent reduction as it has been in the past in terms of the ten month period and a common start time of January 1.
2. That the Working group consider the merits of applying the reduction to single tender licences and make a recommendation to the PZJA on arrangements for one tender licences for 2008 with supporting arguments carefully documented.