

Consultation Paper

Resource allocation options for the Torres Strait
Tropical Rock Lobster Fishery and the
Finfish (including Reef Line and Spanish Mackerel) Fishery

1 June 2005

Comments due: 5pm Thursday 30 June 2005

DISCLAIMER

This document is for discussion and comment. It does not commit the Torres Strait Protected Zone Joint Authority (PZJA) to either the views expressed or further action. No liability will be accepted for actions taken on the basis of this document. In particular, the proposals contained in this Consultation Paper are subject to further PZJA, Torres Strait Regional Authority, Queensland Government and Australian Government consideration.

1. Introduction

Purpose of this document

This paper was compiled on behalf of the Torres Strait Protected Zone Joint Authority (PZJA) and presents options for resolving resource allocation issues in the Torres Strait Tropical Rock Lobster (TRL) Fishery and the Torres Strait Finfish Fishery (including the Reef Line and Spanish Mackerel Fisheries and referred to collectively in this document as the Finfish Fishery).

This paper also examines the mechanisms to achieve change, within the framework of the Torres Strait Treaty (the Treaty), the *Torres Strait Fisheries Act 1984* (TSF Act) and the fisheries strategic assessment requirements of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). These documents are available via the internet at www.comlaw.gov.au (noting that the text of the Torres Strait Treaty appears as the schedule to the TSF Act).

Stakeholder views are being sought, to determine the most appropriate way forward for resolving the issue of resource allocation in the TRL and Finfish fisheries. Information about how to contribute to this process is provided on page 10 of this paper. This paper will be amended after the consultation period to reflect stakeholder views and will be presented for consideration by the PZJA at their 18th Meeting on 5-6 July 2005 (PZJA 18).

Background to the issue of resource allocation in Torres Strait Fisheries

There have been ongoing tensions between Torres Strait Traditional Inhabitants and non-Traditional Inhabitants in the Torres Strait fisheries for some time. On a number of occasions this has escalated to direct conflicts between the two sectors, most notably in the TRL and Finfish fisheries.

Some Traditional Inhabitants hold the view that non-Traditional Inhabitant fishing effort should be substantially or completely removed from Torres Strait fisheries. Some non-Traditional Inhabitants are willing to accept this point of view, as long as appropriate compensation is paid, while others believe that all Australians who are appropriately licensed and complying with the law have every right to operate in Australian fisheries.

Since the production of the report *A Fair Share of the Catch* ("the Skehill Report") in November 2002, the issue of resource allocation has become the central theme in Torres Strait fisheries management and stakeholder deliberations.

At present, and for some time, resolution of issues in respect of resource sharing for the TRL and Finfish fisheries have been avoided through indirect controls. The need for Traditional Inhabitants to fish intensively has been reduced through access to Australian Government Community Development Employment Programme (CDEP) funding. Consequently no additional controls on Traditional Inhabitant traditional or commercial (Community) fishing have been instituted. Non-Traditional Inhabitant commercial fishing has been managed through a one-for-one licence replacement policy (since 1988 for TRL and 1999 for Finfish fisheries) and no new access rights have been granted.

Management of resource allocation through indirect control methods is no longer viable and requires urgent resolution by direct, fair and equitable means. The lack of explicit resource allocation has hindered management discussions with stakeholders. There are difficulties in developing long term management arrangements in a co-management framework where there is uncertainty about sectoral entitlements. This has resulted in the failure to adequately deal with increasing pressure on the resources. Effort levels have continued to increase in the TRL Fishery and rationalisation of the Queensland reef fishery has displaced effort to the Torres Strait Reef Line Fishery. In addition, improved fishing technology has increased effective effort in the TRL Fishery by an unquantified but significant amount. Limited enforcement capability has also hampered effective controls.

At this point resource competition is strong and effective direct controls on both effort and catches are required. A starting point for this process is effective resource allocation between the competing sectors.

The PZJA recognised the need for a determination on resource allocation in the TRL and Finfish fisheries at the 17th meeting of the PZJA on 1-2 February 2005 (PZJA 17). It was agreed that a resource allocation 'specialist group' be formed to specify options for resolving this issue in the TRL and Finfish fisheries.

The final record of decision from PZJA 17 in respect of this matter follows.

The PZJA AGREED that:

1.
 - a. *resource allocation principles, noted at PZJA 15 regarding the prima facie order of priority in Torres Strait fisheries, be applied on a fishery by fishery basis, since the TSF Act cannot be implemented universally when the issues in each fishery differ;*
 - b. *traditional fishing as defined in the Treaty and the TSF Act (the taking, by traditional inhabitants for their own or their dependants' consumption or for use in the course of other traditional activities, of the living natural resources of the sea, seabed, estuaries and coastal tidal areas, including dugong and turtle) receives the first priority of access in the Australian share of the catch in the Torres Strait fisheries;*
 - c. *the Treaty and TSF Act provide priority in the administration of Torres Strait Fisheries to traditional fishing, community fishing, and commercial fishing that is not community fishing and the PZJA will have regard to this priority when making resource allocation decisions;*
2. *the PZJA considers its role is to sustainably manage fisheries to preserve healthy fish stocks and that it will make decisions on resource allocation between the Torres Strait Islander and non-Islander sectors as a priority where a threat to the sustainability of the stock exists or where this becomes necessary to give effect to the requirements of the Torres Strait Treaty and the TSF Act 1984;*
3. *fisheries management should aim to deliver commercially viable fisheries as well as biological sustainability and that this is consistent with the economic objectives of the Treaty regarding optimum resource use and economic development;*
4. *a "specialist group" (which includes relevant skills and experience) be formed under the Chairmanship of the Commonwealth to develop scenarios for the future development of the fisheries in the Torres Strait, and more particularly, to specify options for achieving Recommendations 1 – 3 above in the Finfish and Tropical Rock Lobster fisheries; and*
5. *this specialist group report back to the next meeting of the PZJA with the objective of making a decision at the next meeting.*

2. The resource allocation specialist group

The resource allocation specialist group (the specialist group) was formed in February 2005, comprising the membership of senior officials from the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF), the Australian Fisheries Management Authority (AFMA), the Queensland Government Department of Primary Industries and Fisheries (QDPIF), the Torres Strait Regional Authority (TSRA) and other qualified experts.

The specialist group was tasked to determine options for resolving the issue of resource allocation in the TRL and Finfish fisheries. The group's options have been incorporated

into this paper and will be combined with stakeholder views gathered in the consultation period to be presented for consideration at PZJA 18.

The specialist group recognised four principal stakeholder groups as having legitimate access to the fisheries resources in Australia's jurisdiction of the Torres Strait Protected Zone (TSPZ):

- Papua New Guinea (PNG) fishers (as per Treaty obligations);
- Traditional Inhabitant fishers;
- Traditional Inhabitant commercial (Community) fishers; and
- Non-Traditional Inhabitant commercial fishers.

The Treaty is clear in affording priority of access to PNG and traditional fishing in the Torres Strait Protected Zone, with "traditional fishing" being defined as the take by Traditional Inhabitants for their own or their dependants' consumption for use in the course of other traditional activities, of the living natural resources of the sea, seabed, estuaries and coastal tidal areas, including dugong and turtle. This is different to "community fishing" which is commercial fishing activity undertaken by Traditional Inhabitants.

Principles Adopted by the specialist group

The working principles adopted by the specialist group were formulated primarily with regard for the intentions of the Treaty and the TSF Act and were used to develop and assess resource allocation options for the TRL and Finfish fisheries. These principles establish a hierarchy for assessing the relative merits of each resource allocation option.

The Specialist Group's working principles in order of importance were:

Principle 1: Protection of the fishery resource;

Principle 2: Protection of the traditional way of life and livelihood of Traditional Inhabitants;

Principle 3: Enhancing economic and employment opportunities for Traditional Inhabitants; and

Principle 4: Enhancing economic and employment opportunities for non-Traditional Inhabitants, and in a more general sense enhancing economic and employment opportunities in the Torres Strait region.

Other considerations in formulating these principles included the decisions from PZJA 17, the Skehill Report and the fisheries strategic assessment requirements of the EPBC Act. Discussions initiated by the Commonwealth in 1996, between the Commonwealth and Traditional Inhabitants regarding the possibility of providing Traditional Inhabitants with greater autonomy (Commonwealth of Australia 1997) were also noted.

Further, the specialist group considered the hierarchy of these principles to be consistent with past actions and policies of the PZJA. These principles have been expressed in many of the PZJA's policies since shortly after it was established. They include limiting the entry of non-Traditional Inhabitants in the Torres Strait Fisheries, reserving further expansion of Torres Strait fisheries for Traditional Inhabitants.

These specialist group's principles, along with PZJA decisions and the requirements of the EPBC Act, lead to some clear imperatives. These imperatives are:

- the need to control catch and/or effort (sectoral and total);
- the need to adopt more contemporary management methods; and
- the need for better catch/economic data reporting mechanisms as a basis for future decision making.

These imperatives are fundamental for all future resource allocation scenarios presented in this Consultation Paper.

3. Definitional Issues associated with resource allocation

Part 5 of the Treaty establishes the governance arrangements for commercial fisheries in the Protected Zone. Article 20 provides that the provisions of Part 5 shall be administered so as not to prejudice the achievement of the purposes of the Treaty in regard to traditional fishing. Article 23 provides for the sharing of the catch of the Protected Zone Commercial Fisheries between Australia and PNG. This article provides for a variety of catch sharing scenarios under Australian jurisdiction, under PNG jurisdiction and within the territorial seas of specified areas (largely located geographically within the PNG jurisdiction).

In practice and in general there has been limited interest in recent years for Australia to exercise its rights in respect of the PNG jurisdiction but annual discussions do occur in relation to the sharing arrangements within the Australian jurisdiction. It is also important to note that the Treaty specifies the sharing arrangements in terms of output controls (that is catch) while the discussions about sharing arrangements in the Australian jurisdictions are usually framed in terms of input controls¹ (that is control of effort in terms of boats and nights). This practice may need to be reviewed to account for the implementation requirements of the future resource sharing scenarios presented in this paper.

It should be noted that in January 2005, the PZJA agreed in principle to move to quota management for the TRL fishery.

The PZJA and the decision making forum in PNG have not made policy decisions that would cover all of the assumptions listed below. It is a pre requisite for any long term effective resource allocation decisions that a prior decision be made on the allocation being made to traditional way of life, resource use and PNG.

The future scenarios presented in this consultation paper assume the following:

- that a global total allowable catch (TAC) or effort (TAE) will be established for the TRL and the Finfish fisheries;
- that a particular proportion of that catch will be set aside for maintenance of the traditional way of life and livelihood of the Traditional Inhabitants including their traditional fishing;
- that the remaining TAC or TAE will be divided in accordance with the Article 23 base entitlements to a commercial fishery in respect of the Australian jurisdiction (that is 75% to Australia and 25% to PNG);
- that when a future resource allocation scenario is described as a percentage in this consultation paper, it is a percentage of the Australian entitlement to the Australian jurisdiction of the commercial fishery – for example, 30% of the 75% that Australia is entitled to once Traditional Inhabitant rights have been allocated;
- that each sector will then be managed to remain within their share of the global TAC or TAE using either input or output controls;
- that should the annual discussions with PNG indicate that there is some availability of their 25% of their entitlement to the Australian jurisdiction commercial fishery, this would be made available to the sectors on a pro-rata basis in accordance with the percentages that the future scenarios provide – for example 30% of the 25% of the TAC or TAE available to be commercially fished in the Australian jurisdiction; and
- should future interest evolve in accessing the Australian entitlement in the PNG jurisdiction (or in the territorial seas of the specified areas) these would be distributed on a pro-rata basis in accordance with the percentages that the future scenarios

¹ A global TAC (output) for the fishery is converted into the number of boats allowed (input)

provide – for example 30% of the 25% of the TAC or TAE available to be commercially fished in the PNG jurisdiction.

4. Development of resource allocation options

The resource allocation options include full Traditional Inhabitant ownership or ‘Islanderisation’, as one extreme and a ‘competitive market’ scenario where all access rights in a fishery are traded on a competitive market, as the opposite extreme, with a number of permutations (including the status quo) lying between those extremes. A generic fishery scenario is depicted in Figure 1.

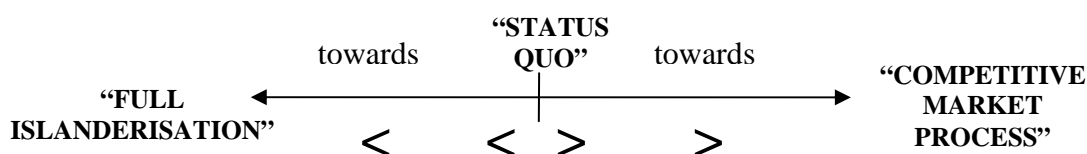


Figure 1: Possible scenarios – the transition points depicted by < and > can also be viewed as end points in their own right. Note that the status quo is placed arbitrarily at the mid point in the diagram and is not a true reflection of the current circumstances.

It should be noted that moving towards a competitive market process would be expected to lead to greater (or even exclusive) participation by non-Traditional Inhabitants in the medium term.

It should also be noted that any increases in Traditional Inhabitant entitlements indicated in this paper refer to ownership of access rights rather than actual participation in the fishery and does not preclude the participation of non-Traditional Inhabitants in the fisheries.

For each fishery, the specialist group considered the merits of 6 resource allocation options in each fishery:

- Option 1:** the status quo (i.e. no formal resource allocation);
- Option 2:** the current resource distribution held in perpetuity;
- Option 3:** full ‘Islanderisation’ (100:0);
- Option 4:** an equal share (50:50);
- Option 5:** the current resource distribution position reversed (i.e. Option 2 reversed); and
- Option 6:** Competitive market process (in the order of 0:100)

Consideration was also given to the tools that could be used to facilitate progression towards any given resource allocation outcome, including:

- Royalties;
- Market mechanism - Buyout or Purchase of licences by the PZJA;
- Closures (area or time);
- Gear restrictions;

- Quota allocations (catch or effort);
- Entry restrictions and transfer rules; and
- Licence or Access fees.

With respect to the collection of royalties, the Commonwealth has a policy of not taxing resource rents from fisheries; however this does not negate the use of this tool to transfer economic benefits from one sector to another where necessary.

5. Assessment of Resource Allocation Options

The relative merits of each resource allocation option have been assessed with respect to the status quo against each of the working principles of the specialist group. The assessments are indicative, not exhaustive and it is anticipated that the consultation process will further contribute to the assessment of each option. A full description of the options and their relative merits are detailed at the end of this paper and a summary table is provided in the section below, for quick reference.

The Australian Bureau of Agricultural and Resource Economics (ABARE) has provided estimates of the indicative costs to the PZJA and the specialist group for proceeding with various options for redistribution of access entitlements. Those costs have not been included in this paper because of their capacity to influence the market if buyouts are pursued. The relative costs of the options (moderate, high and very high) are indicated to make a comparison of the options possible.

Note also that the ongoing costs of management, as distinct from adjustment costs, are implied in each resource allocation option but are not specified. Funding these costs as the options move away from the existing management framework would be a significant issue to resolve.

6. Implementation

The Specialist Group considered that should the PZJA adopt a position requiring a change in resource allocation, a three to five year transition to the desired outcome could occur using a combination of buyout, quota introduction and restricted entry and transfer rules (such as sunseting licences with a 5 year time frame and *ex-gratia* payment).

The specialist group also noted that some licences have multiple fishery endorsements and that to prevent displacement of fishing effort from one fishery to another, future adjustments should deal with these licences as a package i.e. not allow licence splitting.

For both the Tropical Rock Lobster and Finfish (including Reef Line and Spanish Mackerel) fisheries it was considered that the use of area closures, time closures, and gear restrictions as mechanisms to achieve change while ensuring sustainable catches, may result in a loss in economic efficiency in both sectors. It is also noted that the introduction of these management measures would also increase compliance and management costs. However, circumstances may exist where such tools could be used to the significant benefit of resource sustainability with only relatively minor consequences for its profitability, or where their use is essential regardless of the subsequent economic costs. Thus these measures should be used carefully but not necessarily dismissed when considering future management arrangements.

7. Summary

In summary, in the TRL and Finfish fisheries the need for change can be attributed to the imperative for sustainability and the need to introduce contemporary management arrangements and comply with the EPBC Act, the obligations conferred by the Treaty, the

limited economic development opportunities in the region that could support Traditional Inhabitant livelihoods, and the increasing social tensions.

TRL Fishery Options	Summary
Option 1 – status quo	The status quo does not meet the needs of either fisheries management objectives or resource allocation. The relative access achieved by each sector is variable from year to year. It also provides only a limited basis for managing PNG effort as part of the overall Australian fishery.
Option 2 – 30:70	This option does meet the needs of fisheries management objectives and resource allocation. However, it is unlikely to meet Traditional Inhabitant aspirations for access to the fisheries resources and economic development. The relative access achieved by each sector is fixed at levels achieved currently. It would provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 3 – full 'Islanderisation'	This option ensures sustainability and fulfilment of Treaty obligations when coupled with appropriate allocations of effort or catch at the potential cost of reduced fishing revenues that are valuable regionally and nationally. Non-Traditional Inhabitants are left with no guarantee of access and capital assets that may have little or no value in other fisheries. The relative access achieved by each sector in terms of entitlement ownership is dramatically changed, with a 233% increase to Traditional Inhabitant access and 100% decrease for non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 4 – 50:50	This option does meet the needs of fisheries management objectives and resource allocation. The relative access of each sector in terms of entitlement ownership is moderately changed, with a 65% increase in Traditional Inhabitant access and a 30% decrease in non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 5 – 70:30	This option disregards the Torres Strait Treaty. The relative access of each sector in terms of entitlement ownership is changed dramatically, with a 100% decrease in Traditional Inhabitant access and a 40% increase in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 6 – competitive market process	This option disregards the Torres Strait Treaty. The relative access of each sector in terms of entitlement ownership is changed dramatically, with a 100% decrease in Traditional Inhabitant access and a 40% increase in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.

Finfish Fishery Options	Summary
Option 1 – status quo	The status quo does not meet the needs of either fisheries management objectives or resource allocation. The relative access achieved by each sector is variable from year to year. It also provides only a limited basis for managing PNG effort as part of the overall Australian fishery.
Option 2 – 20:80	This option would meet the needs of fisheries management objectives and resource allocation. This option preserves non-Traditional Inhabitant interests but is contrary to Traditional Inhabitant aspirations for greater access to the resource for long term enhanced economic and employment opportunities. The relative access achieved by each sector is fixed at levels achieved currently. It would provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 3 – full 'Islanderisation'	This option does meet the needs of fisheries management objectives and resource allocation. Treaty obligations fulfilled at the expense of lost fishing revenues. Capital assets would be of little use in other related fisheries. The relative access achieved by each sector in terms of entitlement ownership is dramatically changed, with a 400% increase to Traditional Inhabitant access and 100% decrease for non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 4 – 50:50	This option does meet the needs of fisheries management objectives and resource allocation. The relative access of each sector in terms of entitlement ownership is changed substantially, with a 150% increase in Traditional Inhabitant access and a 40% decrease in non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 5 – 80:20	This option does meet the needs of fisheries management objectives and better meets Traditional Inhabitant aspirations for access to the resource for economic and employment opportunities. It would do so whilst still allowing a small level of access to the non-Traditional Inhabitant sector. Total GVP reduced. The relative access of each sector in terms of entitlement ownership is changed substantially, with a 300% increase in Traditional Inhabitant access and a 75% decrease in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.
Option 6 – competitive market process	This option disregards the Torres Strait Treaty. The relative access of each sector in terms of entitlement ownership is changed dramatically, with a 100% decrease in Traditional Inhabitant access and a 25% increase in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.

8. Consultation Process

All stakeholders are invited to submit their views on the resource allocation options for the TRL and Finfish fisheries. Stakeholders are asked to use the attached feedback sheet so that comments can be readily compiled, compared and presented.

The **comments must be returned** to Ms Inga Davis, Policy Officer, Torres Strait Fisheries, at the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) **by 5pm Thursday 30 June 2005**.

Comments can be returned to DAFF by fax on (02) 6272 4875, email at inga.davis@daff.gov.au, or by post (please remember that mail from the Torres Strait could take up to a week to reach Canberra) to:

Ms Inga Davis
Policy Officer
Torres Strait Fisheries
Australian Government Department of Agriculture, Fisheries and Forestry
GPO Box 858
Canberra ACT 2601

A special meeting of the Torres Strait Fisheries Management Committee (TSFMAC) will be held on Monday 4 July 2005 to discuss this consultation paper and to present stakeholder views. All comments received before the TSFMAC meeting will be collated and presented at the meeting. All comments and views expressed at the TSFMAC and in the consultation period for this paper will then be presented with this paper to the PZJA for their consideration at PZJA 18 on 5-6 July 2005.

Tropical Rock Lobster

Option 1 – STATUS QUO (no formal resource allocation)

Under the current management arrangements there are no formal resource allocations and effort controls are weak. The distribution of the catch between sectors varies from one year to the next.

The distribution of the TRL resource between the Traditional Inhabitant and non-Traditional Inhabitant commercial sectors in terms of catch volume is estimated to be 30:70 as a consequence of the current management arrangements, the fishing capacity in each sector and the extent to which that capacity is utilised by each sector.

Adjustment costs are not relevant for the status quo.

Principle 1

Long term sustainability is not achieved. Effective fishing effort in both sectors continues to increase, as technology improves, fishers improve their skills, change their fishing habits and Traditional Inhabitant fishers continue to grow in number. The fishery may be closed due to fisheries strategic assessment requirements of EPBC Act not being met.

Principle 2

The traditional way of life and livelihood of Traditional Inhabitants is not protected. As competition between the sectors grows, heavier resource exploitation leads to resource decline. Traditional fishing interests lose out as resource competition increases and fish stocks subsequently decline.

Principle 3

Long-term economic and employment opportunities for Traditional Inhabitants are not enhanced. Some short term gains may be had in allowing participation in the Traditional Inhabitant component of the fishery to expand unchecked, but sustainability is not achieved under this scenario, leading to major losses in economic opportunities in the long term through stock decline and/or closure of fishery. Some short-medium term economic gains could be achieved through the improved efficiency or changing ethos of Traditional Inhabitant operations, but could come at the expense of resource sustainability.

Principle 4

Long term economic opportunities for non-Traditional Inhabitants and the Torres Strait region are not enhanced. Any short term gains in production and profitability and the subsequent contribution to the regional economy come at the expense of resource sustainability. As competition between the sectors grows, heavier resource exploitation leads to resource decline and subsequent losses to non-Traditional Inhabitant jobs and the regional economy.

SUMMARY

The status quo does not meet the needs of either fisheries management objectives or resource allocation. The relative access achieved by each sector is variable from year to year. It also provides only a limited basis for managing PNG effort as part of the overall Australian fishery.

Option 2 – The current resource distribution held in perpetuity (30:70)

Under this option the resource distribution realised by the management arrangements and fishing capacity of recent years would be formalised into a resource allocation in the order of 30:70. This would be achieved by the adjustment of entitlement ownership, through voluntary buyouts, that achieves a 30:70 split in entitlement ownership.

The indicative adjustment cost of this option is moderate.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

The enhancement of economic and employment opportunities for Traditional Inhabitants is not achieved. Traditional Inhabitants are only granted a resource allocation commensurate with that already being achieved in the fishery, limiting the scope of long term development opportunities. Some economic benefits may be derived through value adding in the Traditional Inhabitant sector, but beyond this there is no real scope for further development of the Traditional Inhabitant sector.

Principle 4

Long term economic opportunities for non-Traditional Inhabitants and the Torres Strait region are preserved. Total GVP is maintained. The regional economy continues to benefit from non-Traditional Inhabitant participation in the regional economy through direct fishing activity, related businesses, local spending and the opportunities for employment of Traditional Inhabitants afforded by non-Traditional Inhabitant operations.

SUMMARY

This option does meet the needs of fisheries management objectives and resource allocation. However, it is unlikely to meet Traditional Inhabitant aspirations for access to the fisheries resources and economic development. The relative access achieved by each sector is fixed at levels achieved currently. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 3 – Full Islanderisation (100:0)

This would be achieved by the adjustment of entitlement ownership that achieves a 100:0 split in entitlement ownership. The likely mechanism for achieving this would be compulsory acquisition of non-Traditional Inhabitant licences.

The indicative adjustment cost of this option is very high.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

Exclusion of the non-Traditional Inhabitant sector is expected to create the greatest long term economic and employment opportunities for Traditional Inhabitants. In the short term there may be some reduced economic and employment opportunities for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

Reduced security of access for the non-Traditional Inhabitant sector as the only option to participate is through potential leasing of unused Traditional Inhabitant capacity. Sufficient compensation could support investment elsewhere; however it is not likely to be injected back into Torres Strait region. Total GVP in the fishery is likely to fall in the short to medium term as Traditional Inhabitants are unlikely to be able to fill the gap left by the other sector. Significant hardships may occur for those non-Traditional Inhabitant fishermen living in the Torres Strait without entitlements to other fisheries in the region who cannot secure an entitlement lease from the Traditional Inhabitant sector.

SUMMARY

This option ensures sustainability and fulfilment of Treaty obligations when coupled with appropriate allocations of effort or catch at the potential cost of reduced fishing revenues that are valuable regionally and nationally. Non-Traditional Inhabitants are left with no guarantee of access and capital assets that may have little or no value in other fisheries. The relative access achieved by each sector in terms of entitlement ownership is dramatically changed, with a 233% increase to Traditional Inhabitant access and 100% decrease for non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 4 – An equal share (50:50)

Under this option the resource distribution would be formalised into a resource allocation in the order of 50:50. This would be achieved by the adjustment of entitlement ownership that achieves a 50:50 split in entitlement ownership. The likely mechanism would be voluntary buyouts.

The indicative adjustment cost of this option is high.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

There would be enhanced economic and employment opportunities for Traditional Inhabitants. However, this level of access is still likely to limit the scope of long term economic development and employment opportunities. In the short term there may be some reduced economic and employment opportunities for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

This option maintains inputs into regional economy by the non-Traditional Inhabitant sector, but at a level below current arrangements. Total GVP of the fishery is likely to fall in the short to medium term as Traditional Inhabitants are unlikely to be able to fill the gap left by the other sector.

SUMMARY

This option does meet the needs of fisheries management objectives and resource allocation. The relative access of each sector in terms of entitlement ownership is moderately changed, with a 65% increase in Traditional Inhabitant access and a 30% decrease in non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 5 – The current resource distribution reversed and held in perpetuity (i.e. option 2 reversed) (70:30)

Under this option the resource distribution realised by the management arrangements and fishing capacity of recent years would be formalised into a resource allocation and reversed. This would be achieved by the adjustment of entitlement ownership that achieves a 70:30 split in entitlement ownership. The likely mechanism would be voluntary buyouts.

The indicative adjustment cost of this option is very high.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

There would be significantly enhanced economic and employment opportunities for Traditional Inhabitants. In the short term there may be some reduced economic and employment opportunities for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

This option would result in significant loss of revenue to the non-Traditional Inhabitant sector and will lead to some operators becoming economically unviable. The capital assets (boats, gear, etc) would have little opportunity to be deployed elsewhere. Total GVP of the fishery is likely to fall in the short term as Traditional Inhabitants are unlikely to be able to fill the gap left by the other sector. However in the long term, Traditional Inhabitants can be expected to have the capacity to fill this gap as they become more active. Significant hardships may occur for those non-Traditional Inhabitant fishermen living in the Torres Strait without entitlements to other fisheries in the region who cannot secure an entitlement lease from the Traditional Inhabitant sector.

SUMMARY

This option does meet the needs of fisheries management objectives and better meets Traditional Inhabitant aspirations for access to the resource for enhanced economic and employment opportunities. The relative access of each sector in terms of entitlement ownership is changed substantially, with a 133% increase in Traditional Inhabitant access and a 60% decrease in non-Traditional Inhabitant access. A major restructure of the non-TI sector would be needed for it to remain economically viable. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 6 – Competitive market process (0:100)

A new suite of licences that are not bound to any one sector would be made available and would replace all existing commercial licences. Their number would be capped at the number required to optimally utilise the fishery and would be available to anyone from any sector that can afford them. This would be expected to achieve a resource allocation in the order of 0:100.

There are no adjustment costs associated with this option.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

Does not enhance economic and employment opportunities for Traditional Inhabitants as there would be significantly reduced involvement of Traditional Inhabitants in this fishery. Opportunities would be limited to participation in established non-Traditional Inhabitant operations or in securing their own (relatively unaffordable) entitlements under this option.

Principle 4

Would strengthen the economic position of non-Traditional Inhabitants and through the employment of Traditional Inhabitants in non-Traditional Inhabitant operations maintain some employment opportunities for Traditional Inhabitants. Total GVP is likely to be maximised under this option.

SUMMARY

This option disregards the Torres Strait Treaty. The relative access of each sector in terms of entitlement ownership is changed dramatically, with a 100% decrease in Traditional Inhabitant access and a 40% increase in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.

Finfish (including Reef Line and Spanish Mackerel) Fishery

Both the Reef Line and Spanish Mackerel fisheries need to be addressed at the same time in the interests of administrative efficiency and also because they occur in similar areas of the Torres Strait. The resource allocation outcomes for each of these fisheries need not be the same. However, while it may not be necessary to take the same action in each fishery, the licences that are authorised to operate in both fisheries should be treated as a package so that any revocation of entitlements for the Reef Line Fishery do not result in the displacement of fishing effort to the Spanish Mackerel Fishery or vice-versa.

Option 1 – STATUS QUO (no formal resource allocation)

Under the current management arrangements there are no formal resource allocations. The distribution of the catch between sectors varies from one year to the next.

The distribution of the Finfish (including Reef Line and Spanish Mackerel) resource between the Traditional Inhabitant and non-Traditional Inhabitant commercial sectors in terms of catch volume is estimated to be 20:80 as a consequence of the current management arrangements, the fishing capacity in each sector and the extent to which that capacity is utilised by each sector.

Adjustment costs are not relevant for the status quo.

Principle 1

Long term sustainability is not assured with stocks status uncertain in Reef Line and Spanish Mackerel fisheries. Limited entry is applied to the non-Traditional Inhabitant sector only. Effective fishing effort in both sectors may increase, as technology improves, fishers improve their skills, change their fishing habits and Traditional Inhabitant fishers continue to grow in number.

Principle 2

The traditional way of life and livelihood of Traditional Inhabitants is not protected. As fishing effort grows, heavier resource exploitation leads to resource decline and diminished traditional fishing opportunities. Traditional fishing interests lose out as resource competition increases and fish stocks subsequently decline. Traditional Inhabitants traditional way of life and livelihood is jeopardised.

Principle 3

Long-term economic and employment opportunities for Traditional Inhabitants are not enhanced. Some short term gains may be possible by allowing participation in the Traditional Inhabitant component of the fishery to expand unchecked, but sustainability may not be achieved under this scenario, which would have serious flow on effects for the fishery.

Principle 4

Long term economic opportunities for non-Traditional Inhabitants and the Torres Strait region are not enhanced. Any short term gains in production and profitability and the subsequent contribution to the regional economy may come at the expense of resource sustainability. As competition between the sectors grows, heavier resource exploitation leads to resource decline and subsequent losses to non-Traditional Inhabitant jobs and the regional economy.

SUMMARY

The status quo does not meet the needs of either fisheries management objectives or resource allocation. The relative access achieved by each sector is variable from year to year. It also provides only a limited basis for managing PNG effort as part of the overall Australian fishery.

Option 2 – The current resource distribution held in perpetuity (20:80)

Under this option the resource distribution realised by the management arrangements and fishing capacity of recent years would be formalised into a resource allocation in the order of 20:80. This would be achieved by the adjustment of entitlement ownership, through voluntary buyouts, that achieves a 20:80 split in entitlement ownership.

The indicative adjustment cost of this option is moderate.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

Long-term economic and employment opportunities for Traditional Inhabitants are not enhanced because they are only granted a resource allocation equal to that already being achieved in the fishery. Some economic benefits may be derived through value adding and increased efficiency of individual operations in the Traditional Inhabitant sector, but beyond this there is no real scope for further development of the Traditional Inhabitant sector.

Principle 4

Long term economic opportunities for non-Traditional Inhabitants and the Torres Strait region are preserved. Total GVP is maintained. Benefits to the regional economy from non-Traditional Inhabitant participation in the fishery are unchanged, noting that these are less significant than those derived from the TRL Fishery.

SUMMARY

This option would meet the needs of fisheries management objectives and resource allocation. This option preserves non-Traditional Inhabitant interests but is contrary to Traditional Inhabitant aspirations for greater access to the resource for long term enhanced economic and employment opportunities. The relative access achieved by each sector is fixed at levels achieved currently. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 3 – Full Islanderisation (100:0)

This would be achieved by the adjustment of entitlement ownership, through compulsory buyouts, that achieves a 100:0 split in entitlement ownership.

The indicative adjustment cost of this option is high.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity and desire to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected. However, this may need to be reinforced through appropriate commercial closures on certain reefs.

Principle 3

Exclusion of the non-Traditional Inhabitant sector would provide a strong position for enhancing economic and employment opportunities for Traditional Inhabitants. However, in the short term reduced economic opportunities and/or revenues may occur from an absence of sufficient capacity of Traditional Inhabitants to fill the gap and for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

No security of access for the non-Traditional Inhabitant sector as the only option to participate is the potential leasing of unused Traditional Inhabitant capacity. Any compensation paid is not likely to be injected back into Torres Strait fisheries because of the limited opportunities in this industry. Total GVP in the fishery is likely to fall as Traditional Inhabitants are not likely to be able to fill the gap left by the other sector. Post harvest sector likely to be significantly impacted from combined effects of this option and reduced catches on the Queensland east coast.

SUMMARY

This option does meet the needs of fisheries management objectives and resource allocation. Treaty obligations fulfilled at the expense of lost fishing revenues. Capital assets would be of little use in other related fisheries. The relative access achieved by each sector in terms of entitlement ownership is dramatically changed, with a 400% increase to Traditional Inhabitant access and 100% decrease for non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 4 – An equal share (50:50)

Under this option the resource distribution would be formalised into a resource allocation in the order of 50:50. This would be achieved by the adjustment of entitlement ownership, through voluntary buyouts, that achieves a 50:50 split in entitlement ownership.

The indicative adjustment cost of this option is moderate.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity and desire to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

There would be enhanced economic and employment opportunities for Traditional Inhabitants. However, this level of access may still limit long term economic development and employment opportunities. In the short term there may be some reduced economic and employment opportunities for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

Continued economic and employment opportunities for non-Traditional Inhabitants and maintenance of inputs into regional economy, but at a level below current arrangements that may make some operators unviable. Total GVP of the fishery is likely to fall in the short to medium term as Traditional Inhabitants are unlikely to be able to fill the gap left by the other sectors reduced access.

SUMMARY

This option does meet the needs of fisheries management objectives and resource allocation. The relative access of each sector in terms of entitlement ownership is changed substantially, with a 150% increase in Traditional Inhabitant access and a 40% decrease in non-Traditional Inhabitant access. It would provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 5 – The current resource distribution reversed and held in perpetuity (i.e. option 2 reversed) (80:20)

Under this option the resource distribution realised by the management arrangements and fishing capacity of recent years would be formalised into a resource allocation and reversed. This would be achieved by the adjustment of entitlement ownership, through voluntary buyouts, that achieves an 80:20 split in entitlement ownership.

The indicative adjustment cost of this option is high.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

In the short term, a lack of Traditional Inhabitant capacity and desire to fill the gap left by the other sector may provide additional protection/benefits to the fisheries resource except where unused entitlements are leased back to the non-Traditional Inhabitant sector.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

Exclusion of the non-Traditional Inhabitant sector would provide a strong position for increasing economic and employment opportunities for Traditional Inhabitants. However, in the short term there may be reduced economic and employment opportunities for those Traditional Inhabitants currently employed in the non-Traditional Inhabitant operations reduced or removed under this option and the absence of sufficient capacity of Traditional Inhabitants to fill the gap, but this could be offset by leasing unused entitlements to the non-Traditional Inhabitant sector to provide funding for other enterprises important to the development of the Torres Strait.

Principle 4

Security of access for few in the non-Traditional Inhabitant sector. Significantly reduced capacity to commercially fish in these fisheries at a level that may be commercially unviable, except where leases are granted. Any compensation paid is not likely to be injected back into Torres Strait fisheries due to lack of opportunities in this industry. Total GVP in the fishery is likely to fall in the medium to long term as Traditional Inhabitants are unlikely to be able to fill the gap left by the other sector.

SUMMARY

This option does meet the needs of fisheries management objectives and better meets Traditional Inhabitant aspirations for access to the resource for economic and employment opportunities. It would do so whilst still allowing a small level of access to the non-Traditional Inhabitant sector. Total GVP reduced. The relative access of each sector in terms of entitlement ownership is changed substantially, with a 300% increase in Traditional Inhabitant access and a 75% decrease in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.

Option 6 – Competitive market process (0:100)

A new suite of licences that are not bound to any one sector would be made available and would replace all existing commercial licences. Their number would be capped at the number required to optimally utilise the fishery and would be available to anyone from any sector that can afford them. This would be expected to achieve a resource allocation in the order of 0:100.

There are no adjustment costs associated with this option.

Principle 1

Based on the working assumptions of this consultation paper, sustainability of the fisheries resource is achieved.

Principle 2

Based on the working assumptions of this consultation paper, the traditional way of life and livelihood of Traditional Inhabitants is protected.

Principle 3

Does not enhance economic and employment opportunities for Traditional Inhabitants as there would be significantly reduced involvement of Traditional Inhabitants in this fishery. Opportunities would be limited to participation in established non-Traditional Inhabitant operations or in securing their own (relatively unaffordable) entitlements under this option.

Principle 4

Would strengthen the economic position of non-Traditional Inhabitants and through the employment of Traditional Inhabitants in non-Traditional Inhabitant operations maintain some employment opportunities for Traditional Inhabitants. Total GVP is likely to be maximised under this option.

SUMMARY

This option disregards the Torres Strait Treaty. The relative access of each sector in terms of entitlement ownership is changed dramatically, with a 100% decrease in Traditional Inhabitant access and a 25% increase in non-Traditional Inhabitant access. It will provide a basis for managing PNG effort as part of the overall Australian fishery.