

# **An Overview of Reform in Fisheries and Aquatic Resource Management in WA (2008-2012)**

## **Introduction**

Western Australia has a long and proud history of managing its fish resources and developing sustainable fisheries for both production and for recreational purposes. This history has been built on strong leadership from Government as regulator and manager on behalf of the community, and from industry<sup>1</sup>, as users and stewards of the fisheries resource. The period 2008-2012 saw a further evolution in fisheries and aquatic resource management with a significant reform agenda, as summarised in this paper.

## **Context**

The commercial fishing and pearling and aquaculture industries have been estimated to contribute in excess of \$800m to the State of WA. The commercial fishing sector employs some 4300 people directly and about 5000 people indirectly.<sup>2</sup> The West Coast Rock Lobster fishery is the most valuable sector in WA worth an estimated \$300m per annum. Other key sectors include prawns, scallops, abalone and a variety of finfish species. The pearling and aquaculture sectors also make a valuable contribution to the State's economy including production of the world's finest quality South sea pearls, barramundi, mussels, octopus, kingfish, abalone, freshwater species and other important products such as algae, coral and biofuels.

With its long coastline and the majority of main population centres on the coast, the recreational sector is also highly valued and has significant indirect benefits through ancillary industries including the tackle and boating industry. It is estimated that over 600,000 Western Australians participate in recreational fishing each year. While up-to-date economic data is not available, it is generally accepted that the value of the recreational sector continues to grow with growing population, increased access and technology improvements.

The Aboriginal customary fishing sector is seeking to identify and secure its rights to fish stocks and aquatic resources. Aboriginal groups are also seeking greater input into marine management through joint management arrangements over marine parks and conservation estates.

In general and rather simplistic terms, fisheries management in WA has evolved over the last 40-50 years from a focus on managing catch of target species by professional fishers (eg. rock lobster, prawns) to a fully integrated Ecosystem Based Fisheries Management (EBFM) approach addressing management of the resource as a whole (as opposed to management of the 'fishery'), capture of target and non-target species, the broader ecosystem and all users, including commercial and recreational fishers.

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<sup>1</sup> In this paper 'industry' has a broad definition and includes both the commercial and recreational sector.

<sup>2</sup> Value and employment information taken from the report "*Economic snapshot of the WA fishing industry*" prepared by ACIL Tasman in February 2010 for the Western Australian Fishing Industry.

Throughout this time, Government has maintained a governance framework that has seen integrated delivery of science (monitoring, assessment and targeted research), policy (regulation and management), and compliance (enforcement and education) through a single Government agency. That agency, the WA Department of Fisheries (Department), is at the time of writing the only stand-alone, fully integrated fisheries agency in Australia.

Key initiatives in WA which have helped frame and underpin the present reform agenda include adoption of Ecologically Sustainable Development (ESD) and, more recently, EBFM as the basis of fisheries and aquatic resource management. This provides for identification of the risk(s) facing the state's ecological (fisheries) assets (having regard for environmental, economic, social and external factors) and for priorities and resources within the Department to be directed to areas of highest risk. The Department also operates on an integrated management basis with a focus on resource-level management rather than sector-level management and, where appropriate, explicit catch shares or allocation across the customary, recreational and commercial fishing sectors.

It is also worth noting the circumstances at the time (late 2008). The largest commercial fisheries were under severe pressure (west coast rock lobster due to low puerulus (juvenile lobsters) numbers, pearling due to the Global Financial Crisis), the State's biggest aquaculture project was going into receivership (Western Kingfish), iconic demersal recreational species taken off the west coast (eg dhufish) were in decline with catches needing to be halved across both the recreational and commercial sectors, the Department faced budget challenges given declining gross value of product (GVP) of the State's fisheries. These factors and circumstances were key drivers in the reform agenda with a need to refocus and restructure to meet current and emerging issues.

## **The Reform Agenda**

The reforms were in the following key areas:

- Industry Consultation
- Funding
- Regulatory Regime
- West Coast Rock Lobster Management
- Service Delivery
- Third Party Certification

### ***Industry Consultation***

Government has historically used a number of means to consult with industry. These included direct consultation with licence holders, annual or regular management meetings with licence holders, the use of working groups, consultation through peak bodies (Western Australian Fishing Industry Council (WAFIC), Recfishwest) and sector bodies (eg. Aquaculture Council of WA (ACWA), Pearl Producers Association (PPA), Western Rock Lobster Council (WRLC), and Ministerial/Management Advisory Committees (MAC's)).

Prior to legislative amendments in 2010, the *Fish Resources Management Act 1994* established three Statutory Ministerial Advisory Committees – the Rock Lobster Industry Advisory Committee (RLIAC), the Aquaculture Development Council (ADC), and the Recreational Fishing Advisory Committee (RFAC). RFAC was supported by 12 Regional Recreational Fisheries Advisory Committees (RRFACs). The *Pearling Act 1990* also establishes the Pearling Industry Advisory Committee (PIAC).

These MACs were an important component of the industry consultation process and were similar to MACs operating in most other fisheries jurisdictions. The MACs had been an important part of the ‘fabric’ of fisheries management in WA. RLIAC, for example, was synonymous within industry as a key plank in the rock lobster management process.

There were also a range of non-statutory Fishery MAC’s established for particular fisheries or sectors such as the Abrolhos Islands Management Advisory Committee.

The MACs played an important role in providing fisheries management advice to the Minister and/or the Chief Executive Officer (CEO) of the Department. The MACs were not, however, the only source of advice. The Minister/CEO would also receive advice from the Department and from the relevant peak or sector body. The Minister would also often receive ‘representations’ (not to be confused with ‘advice’) from a range of other organisations (eg Professional Fisherman’s Association, sector bodies, recreational bodies) and individuals (fishers and others). This advice and representation often were in conflict which made decision making difficult and protracted.

As a result of concerns about this process and the costs of supporting a MAC structure (together with the various other forms of consultation undertaken by the Department), the Minister had the FRMA amended to remove RLIAC, ADC, and RFAC from the statute. This amendment took effect in 2010. The capacity to establish non-statutory fishery MACs remained at the discretion of the Minister<sup>3</sup>.

Tasked working groups provide advice on specific matters. These have been established to provide advice on specific matters such as fishery allocation and access rights. A strategically-focussed Aquatic Advisory Committee was also established to provide advice on specific matters referred to it by the Minister or the CEO.

The Minister’s new process identified the Department as the key source of Government advice on fisheries management with WAFIC and Recfishwest as the key sources of coordinated industry advice for the commercial and recreational sectors, respectively. WAFIC and Recfishwest have always been important components of the industry consultation process. Under revised arrangements, WAFIC and RFW are recognised by Government as the peak bodies representing the commercial (including pearling and aquaculture) and the recreational (including charter) sectors. They are the Government’s central point of contact and referral for

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<sup>3</sup> The *Pearling Act 1990* has not been amended to remove the Pearling Industry Advisory Committee. In practice, however, PIAC has no current members and is inactive.

industry matters. Former arrangements in which funding was provided direct to WAFIC and Recfishwest and to some sector and regional bodies (eg Western Rock Lobster Council, Aquaculture Council of WA, Pearl Producers Association), ceased under the new arrangements, with WAFIC and Recfishwest, responsible for establishing their own sector and regional consultation processes (which can include participation of sector bodies via their peak bodies).

The revised consultation arrangements were an important component of Government's funding reform discussed in more detail below, specifically the funding of peak bodies.

*Reform Outcome: A move away from multiple sources of advice, including MACs, to two sources advice – Department of Fisheries for Government management advice and the industry peak bodies (WAFIC and Recfishwest) for industry advice.*

### **Funding**

In 1995, funding arrangements and mechanisms within the Department moved to a policy of cost recovery for the major commercial fisheries, while licensees in "minor" fisheries paid fees on the basis of a percentage of Gross Value of Product (GVP) of their fishery. The policy is set out in detail in the document "Future Directions for Fisheries Management in WA", more commonly known as the "Cole-House agreement".

Application of cost recovery resulted in the development of sophisticated financial management and cost attribution models within the Department. This provided advantages in relation to the Department's financial accounting and transparency. From an industry perspective, an ongoing issue associated with the cost recovery model was the lack of opportunity to assess the efficiency and effectiveness of service delivery through contestability of service provision. Industry argued that the cost of services delivered by the Department was excessive and that greater efficiency and effectiveness in service delivery was required to reduce overall costs.

From the Department's perspective, the cost recovery model was considered inflexible with services (resources) substantially tied to the major fisheries (as the payers) rather than to the highest priorities and areas of greatest risk. The model was also costly to administer and arguably had a negative impact on relationships between the Department and industry members. There was also a conflict with industry wanting to have a say over compliance activity and spending. In addition, costs would often rise when fishery participants were least able to pay and 'smaller' fisheries were being subsidised by 'larger' fisheries.

In an environment of declining revenue, based largely on external factors affecting the commercial sector, the use of the cost recovery model, given its inherent inflexibility, required a re-think.

The key characteristic of the previous cost recovery model was that it was designed for licensees in the relevant fisheries to pay the costs of fisheries management (research, management and compliance) with fees paid tied directly to services delivered (generally by the Department). The model did not provide for fishers to

pay for access to a “community” (common pool) resource. There was no link in the model to the security of access of licence holders, a key aspiration of industry.

Accordingly, in 2010 Government announced new arrangements in which commercial fishers were required to pay an access fee based on a single, fixed proportion of the GVP for the respective fishery (5.75%). The reforms have also introduced fees for the pearling and aquaculture sector which require them to pay for their access to the State’s waters by way of marine lease fees. The funding reforms are set out in *Ministerial Policy Guideline No. 21* published in March 2012.

The move to an access fee recognised a direct correlation between the strength of the access right and level of benefit received by the community for that access, including fees. The Minister committed to strengthening access rights, including formation of an Access Rights Working Group to advise him in this regard, as part of the access fee initiative. The Working Group reported in April 2011 with its findings set out in *Fisheries Occasional Paper No. 102* published in November 2011.

Proposed new fisheries legislation outlined in more detail below represents a significant advancement in fisheries access rights in WA, with the legislation being developed within a “rights-based” framework.

Recreational fishers, too, have access rights to a community resource. Prior to the funding reform, a limited number of fishers made a contribution to management costs through licence fees<sup>4</sup>. In 2010, Government introduced a new Recreational Fishing from Boat Licence which saw a larger proportion of fishers making a contribution to recreational fisheries management.

As part of the funding and consultation reform, Government committed (for its term) to funding WAFIC 0.5% of the 5.75% GVP collected in commercial access fees to support it as the peak body. Recfishwest is provided 15% of recreational fishing licence fees to support it in its peak body role.

*Reform outcomes:*

- 1. Introduction of a flat access fee across all commercial fisheries and a water access fee for marine farming as a return to the community with fees paid not tied to cost recovery or services delivered.*
- 2. Introduction of a Recreational Fishing from Boat Licence.*
- 3. Commercial fishing access fee linked to enhanced access rights principally through development of new, rights-based, fisheries legislation.*
- 4. Peak bodies (WAFIC and Recfishwest) funded to provide representation and consultation services.*

**Regulatory Regime**

A new Act of Parliament (the proposed *Aquatic Resources Management Act*) will replace the *Fish Resources Management Act 1994 (FRMA)* and the *Pearling Act 1990*, and provide the primary enabling legislation for the management for WA’s

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<sup>4</sup> Abalone, rock lobster, marron, southwest freshwater angling

aquatic biological resources and fisheries. The new Act is expected to be operational in 2014, assuming safe passage of the *Aquatic Resources Management Bill* through Parliament in late 2013. The focus of the new Act is to ensure the ecologically sustainable development of Western Australia's living aquatic biological resources and ecosystems by managing harvesting and other relevant human activities that affect these resources and their environment. The new Act is also aimed at simplifying processes and providing flexibility to cope with changing circumstances.

The new Act will incorporate an up-to date conceptual framework for integrated resource management based on the principles of ESD and will provide a legal framework for enhanced governance capacity in seven key policy areas:

- Ensuring ecological sustainability
- Risk-based assessment and transparent, outcome-focused resource use planning.
- Integration of resource protection and use across all sectors.
- Security of resource access and allocation of proportional harvest entitlements.
- Management of aquatic farming activities.
- Protection from the negative impacts of aquatic disease and harmful organism (biosecurity).
- Devolution and delegation of decision-making, and deregulation.

A key feature of the new Act and directly related to Government's funding reform commitments is a rights based framework. The permit to fish (activity licence) is proposed to be separated from the access right by establishing resource shares. The shares represent a proportion of the sustainable harvest and will generate a specific annual catch entitlement (ACE). Within the commercial sector, ACE and resource shares may be freely traded by resource share owners without a significant degree of Government intervention. Under current legislation, fishery entitlements (ie licences and entitlement units) can only be traded through licence transfers administered and approved by Government. Resource shares will become the basis for the allocation of a proportion of the total allowable catch to fishing sectors (eg commercial, recreational, customary), which in turn will drive the management of overall exploitation levels.

There have also been other regulatory changes to improve service delivery and streamlined processes. In respect of the recreational fishing sector, for example, a major review of the State's recreational fishing rules was undertaken during 2012 to simplify recreational fishing rules and better position the recreational sector to meet future challenges given population increases, technological improvements and enhanced access. The new rules took effect on 1 February 2013 and saw, for example, bag limit categories reduced from 13 categories across the State down to just four.

In the commercial sector, the Department is working in partnership with WAFIC on a project to remove regulatory burden from fisheries management plans. The project is using a risk-based approach to analyse management plans in a cross-section of fisheries with a view to removing unnecessary regulation and complexity.

There have also been changes in aquaculture. A Memorandum of Understanding (MoU) with the Department of Environment and Conservation (DEC) for the Environmental Management and Regulation of the Western Australian Aquaculture Industry was signed in 2010. Under the MoU, the Department assumed responsibility for aquaculture environmental approvals processes with the Department now managing the operational, compliance and enforcement activities associated with the environmental management of the aquaculture industry. Prior to the MoU, operators undertaking certain types of aquaculture activities were required to obtain works approvals and environmental licences from DEC.

The Department manages the environmental impact of aquaculture through the requirement of licensees to establish a Management and Environmental Monitoring Plan (MEMP). The MoU requires the use of the MEMP to monitor the effectiveness of Codes of Practice developed for the marine finfish, land based finfish and prawn aquaculture sectors. The FRMA was amended to require a MEMP to be submitted as part of an aquaculture licence application, unless the applicant is exempt. In general, all authorised aquaculture activities in the marine or estuarine environment, and those on public land, will require a MEMP.

In late 2011, the Minister for Fisheries announced a funding package to enable the establishment of two Aquaculture Zones for marine finfish in Western Australian coastal waters. The project will see Aquaculture Zones established in the Kimberley and the Mid West regions of Western Australia. The identification and establishment of Aquaculture Zones will streamline the environmental approval process for commercial projects within zoned areas and provide an “investment ready” platform for investors. By establishing Aquaculture Zones, the environmental approvals process for future large-scale marine finfish aquaculture projects will be reduced from two or more years to six to eight weeks.

*Reform outcomes:*

- 1. a modern Act of Parliament to replace the Fish Resources Management Act 1994 and the Pearling Act 1990.*
- 2. investments in projects to streamline and simplify regulatory approaches including a statewide review of recreational fishing, work to reduce unnecessary regulation in commercial fishery management plans, changes to environmental approval processes in aquaculture and development of aquaculture zones to facilitate investment.*

### **West Coast Rock Lobster Management**

The west coast rock lobster fishery is the State’s largest fishery and one of Australia’s most valuable single species fisheries. It has been under formal (limited entry) management since 1963. Until recently, the fishery was managed by way of input controls, including limits on pot usage, with an average annual catch in the order of 11,000 tonnes. Low puerulus (juvenile lobster) settlement in the fishery and concerns about stock sustainability highlighted the limitations of input (pot) controls leading to Government to introduce a competitive Total Allowable Commercial Catch (TACC) of 5,500 tonnes.

Subsequently, in 2010, Government announced a move to quota with the implementation of the first phase of a full ITQ system, based on individual catch

limits, introduced in 2010/11 season. The second and final phase was the introduction of a new ITQ-based Management Plan which took effect on 15 January 2013. The timeframe for implementation of a full ITQ system, compared to experience elsewhere, was rapid and undertaken at a time when the fishery was still experiencing low puerulus settlement and uncertainty associated with future catches.

The move to quota has provided the opportunity for fishers to fish to meet market needs and has seen beach prices at record highs. It has also provided greater flexibility for fishers and greater capacity to maximise economic returns, whilst ensuring long term sustainability of the resource.

*Reform outcome: Introduction of a new Management Plan and individual transferable quota (ITQ) system in the West Coast Rock Lobster fishery to improve efficiency and provide greater flexibility for industry.*

### **Service Delivery**

As outlined above, in November 2010 the West Coast Rock Lobster Managed Fishery, the State's most valuable fishery, began operating under an individual catch limit (quota) system (an output system). Previously it operated under an input-controlled system. The catch limit (quota) system was paper based and labor intensive, with no integration of data, no online services for fishers, limited real-time management information and trading of entitlements is restricted.

In addition to lobster, the Department's corporate information systems and databases used for management were ageing and not considered capable of supporting modern real-time entitlement management, across numerous fisheries operating with various controls. Government and industry therefore invested in a \$11.5m corporate-wide licensing and entitlement management system, known as Fish Eye, to support management of the state's fisheries. Fish Eye also provides an opportunity to enhance services to the recreational sector.

Fish Eye will see benefits realised in the state's commercial fisheries through enhanced access to information and greater information sharing, timely communications between fishers and the Department, contemporary information systems with robust identity management, data warehousing, business intelligence and e-business capability.

The extended capability provided by Fish Eye was a critical factor in moving the lobster fishery, as the state's most valuable fishery, from an individual catch limit (quota) paper based system to a real-time ITQ system.

There have been other changes, too, with a focus on enhancing service delivery. The Department was re-structured including an amalgamation into one Division of those functional areas with a direct public "interface" (ie fisheries compliance, regional service delivery, communications and education, licensing services). The Department's website was over hauled, infrastructure at regional locations improved, the fleet of patrol vessels enhanced, and new modes of service delivery such as mobile fisheries patrols introduced.



Changes are also underway in the Department to better support project management and priority setting. This will see a focus on priorities based principally on risk and outcomes, rather than a focus on budgets and inputs. This reflects the changed funding model which provides greater flexibility with funds not tied to service delivery.

To assist its planning and priority setting, the Department has also developed *Fish Plan*, a guiding document to facilitate a planned, structured approach to management of capture fishery resources (assets) including review of management arrangements for fish stocks, assessment and monitoring of fish stocks and compliance planning. The aim is to provide the Department with a basis or framework for allocation of resources to individual capture fishery assets and to provide greater certainty to peak bodies and industry participants on the timelines for management reviews. Fish Plan also incorporates the broader roles of the Department in the aquatic environment, aquatic biosecurity and aquaculture areas.

Changes to priority setting have also been important noting the broadening role of the Department through the taking on of new functions including aquatic biosecurity and shark hazard response.

*Reform outcomes:*

- 1. enhanced service delivery including a modern electronic licensing, entitlement and catch monitoring system.*
- 2. structural and process change within the Department to support the reform agenda and provide a better focus on priority setting and project management.*

### ***Fisheries Certification***

The commercial fishing sector, in WA and elsewhere, faces significant challenges from a range of complex factors including declining real prices, escalating costs, increasing competition from imported products, exchange rate fluctuations, loss of fishing grounds and environmental and biological impacts on fish stocks.

A more recent challenge is community's expectation that commercial fishing is operated on a sustainable basis and the commercial fishing sector demonstrating its sustainability credentials. The 'standard' past practice of Government and the industry reporting on fisheries management outcomes and status of stocks is no longer sufficient, with the community, principally through retailers and environmental Non-Government Organisations, seeking independent third party certification of the performance and sustainability credentials of commercial fisheries. This is an international trend and has similar implications for the aquaculture and recreational fishing sectors.

In response to this trend, in March 2012, the WA Government announced an investment of \$14.56m over four years to support third party certification of the State's commercial fisheries. The funding will support the costs of pre-assessment, full assessments and initial audits. The Marine Stewardship Council (MSC) was subsequently announced in September 2012 as the standard against which the State's commercial fisheries would be assessed. The MSC is internationally recognised and considered the "gold" standard in fisheries certification.

The Government with WAFIC identified a range of expected benefits from the certification process through:

- credible and defensible sustainability claims with benefits for both industry practices and government stewardship;
- secure access to markets;
- the opening up of new markets;
- potential for higher prices;
- security of access to fishing grounds and encouragement for investment in regional fisheries;
- encouragement of business and market innovation;
- support for regional communities and capacity; and
- building prosperity.

A move to seek certification of all the State's fisheries is arguably the most significant reform in the commercial fishing sector in the State.

Each of the State's commercial fisheries will undergo a pre-assessment process and, subject to pre-assessment, fisheries can then choose to move to full assessment.

The MSC initiative is not without its challenges including broad industry and stakeholder engagement in the process (including retailers), maintaining the MSC brand in the community and requirement for some fisheries to likely go through a fishery improvement program before being in a position to move to full assessment.

*Reform outcome: A Government commitment to fund the cost of pre-assessment, full assessment and initial audit of the State's commercial fisheries against the internationally recognised Marine Stewardship Council standard.*

### **Government Fisheries Policy Statement**

The reform agenda culminated in publication by Government of a Fisheries Policy Statement in March 2012 which set out Government's commitment to, and focus on, fisheries and aquatic resource management. The statement, developed in liaison with WAFIC and Recfishwest, encompasses-

- Resource management - focussed on management of the State's fisheries and aquatic resources and associated environments/habitats, including sound science, stakeholder engagement, appropriate policy/ legislation and effective compliance.
- Resource access and allocation - focussed on access rights to provide certainty and confidence to the fishing sectors, and sound processes for sharing and allocating fish resources among user groups.
- Environmental management - to ensure fish stocks and the habitats on which they depend are managed sustainably, and minimising adverse impacts (effects) of fishing.

- Marine planning - providing for an appropriate balance between biodiversity conservation and sustainable use, and appropriate assessment of impacts on fishing from non-fishing proposals
- Development and growth - recognising the importance of local fish supply and sustainable growth of commercial fisheries, creating an enabling environment for aquaculture and seeking opportunities to enhance recreational fishing
- Structures and processes - to ensure effective governance structures and processes to support long term sustainability of the State's fish and aquatic resources.

The policy statement provides a sound basis for management of the State's fisheries and aquatic resources into the future.

## **Conclusion**

This paper summarises the reforms undertaken in fisheries and aquatic resource management in WA in the period 2008-2012. Throughout the reform process, the Department (and industry) continued to undertake their day to day activities including well established fisheries research, management and compliance activities. The overall aim of the reform process was for more efficient processes and service delivery, greater security and certainty for industry and fishers, and better fisheries and resource management outcomes for the community as a whole.

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