

# **PERMANENT FUNDING FOR THE NT GUIDED FISHING INDUSTRY ASSOCIATION INC. ISSUES AND OPTIONS**

## **1. BACKGROUND**

The need to establish a coordinated and truly representative industry body to provide advice to Government on the consolidation and development of fishing tourism in the Northern Territory has been evident since 1995. But Government initiatives to create such a body in subsequent years have met with little success.

In December 2000 an unsuccessful attempt was made to garner FTO licensee support for the appointment of an Executive Officer to maintain and service an industry association, and for the introduction of licence fees to defray concomitant costs. Consultation with industry recommenced in March 2003 with a proposal to introduce an \$800 FTO licence fee in the 2003/4 licensing year to cover the costs of employing an Industry Executive Officer and to recover some Government administrative costs. For various reasons introduction of the fee was postponed in that year and in succeeding years up to the present.

In 2004 a grant of \$40,000 was made available (by the Minister) to employ an Executive Officer whose major responsibilities would be

- the formal establishment (and incorporation) of an NT Fishing Tour Operators' Association and,
- following in depth consultation with industry, advice to Government on future funding options for the position.

An appointment was made to the position of Executive Officer in March 2005. A new Association - the NT Guided Fishing Industry Association Inc, (NTGFIA) - was incorporated on 13 May 2005.

Preliminary investigations into the availability of permanent funding for the Association pointed to licence fee revenue as the most feasible and reliable source. Consultation with industry began on that premise.

## **2. INDUSTRY CONSULTATION**

In an effort to accurately gauge the extent of industry support for funding the Association from licence fee revenue, two general meetings were convened. Both meetings were open to all licensees irrespective of whether or not they were Association members. Outcomes of the two meetings were as follows:-

### **Outcome 1: The Introduction of Licence Fees**

Industry agreed to the staged/incremental introduction of licence fees over a three or five year period on the proviso that substantial progress was made towards resolving the

following management issues which were seen as critical to enhancing and maintaining the economic viability of the FTO Fishery.

- Revision of certain sections of the Fisheries Act to bring it more into line with the practical realities of the modern business world.
- The formal adoption of an FTO Fishery Management Plan to minimise red tape and ad hoc decision making
- The eventual introduction of Licence Limitation
- The complete overhaul and computerization of current documentation and procedures relating to the submission of Catch Returns.

### **Outcome 2: Incremental Licence Fees**

The \$800 licence fee previously proposed by Government was unanimously rejected by industry on the following bases:-

- that in return for their co-operation in the introduction of catch returns FTOs had been given an iron clad guarantee by a previous Director of Fisheries that they would never have to pay a licence fee.
- that Licence fees in similar (and much better administered) FTO Fisheries in Western Australia and Queensland were considerably less. WA charged \$545 (for entry to their Pilbara/Kimberley Tour Management Zone) and had introduced Licence Limitation. Queensland was on the verge of abandoning licences altogether for their inland river FTO Fisheries.

Industry agreed to an initial licence fee of \$200 with additional increments of \$100/200 over each succeeding year until full cost recovery is achieved: such annual increments to be conditional upon satisfactory progress towards resolution of the key fishery management issues identified above.

## **3. THE KEY MANAGEMENT ISSUES IN MORE DETAIL**

### **Revision of the Fisheries Act**

From an FTO perspective the most problematical areas of the current Fisheries Act are those relating to Supervision/Direct Control of fishing operations (S.13), and Licence Nominations (S.14). These are difficult areas to administer and enforce equitably.

In the barramundi fishery for example it is a regular and apparently legitimate practice for an assistant fisherman to operate unsupervised at distances of up to several kilometers from the principal vessel/mother ship, yet a similar operation by an assistant fisherman working for an FTO has been deemed illegal by Fisheries administrators.

The restriction of nominations to one per licence has adverse commercial ramifications in the FTO fishery where substitution of nominees for corporate licencees is regularly required to cover sickness, holidays etc. The current remedy, which is to obtain an additional licence, is cost free but will not remain so once licence fees are introduced. The industry views this potential additional cost as an example of needless bureaucracy.

The Association is of the opinion that Sections 13 and 14 of the Act need to be replaced by provisions which ensure that the principal licensee is held responsible for the actions of his surrogates in all circumstances; but which at the same time facilitate and enhance business profitability.

### **The Formal Adoption of a Fishery Management Plan**

Over recent years, the lack of a representative industry body has made the administration of the fishery a difficult task for Government and has led to a number of arbitrary decisions which have impacted adversely on FTOs. The most contentious of these was the implementation of the so called Nominations Policy which, for corporate licensees, required the mandatory submission of employee tax file numbers as a prerequisite to licence approval – a clear breach of the Privacy Act. The issue was difficult to resolve equitably and expeditiously – principally because there was no established forum at which the Association could present its case. While contentious matters are now dealt with (more or less satisfactorily) at ad hoc consultative meetings, the Association believes it essential that a consultative body is formally established under the Act to plan and direct the industry's future.

The FTO Fishery is one of the few NT fisheries with the potential for significant expansion. As recreational fishing grows under the auspices of the present Government, so too will the guided fishing industry. With a total of some 150 licences issued in 2005/6 the FTO Fishery is already the NT's largest licensed fishery. The need for enhanced professional standards (including accreditation and a code of conduct) is self-evident. The most effective instrument for implementing and maintaining such standards is a Fishery Management Plan.

### **The Introduction of Licence Limitation**

This issue was raised during Government/Industry negotiations in June 2003, and was subsequently the subject of a Department of Justice advising, the exact details of which are confidential and thus unavailable to the Association. In November 2003 industry was informed that the Fisheries Group was not prepared to support FTO Licence Limitation for the following reasons:-

- that there were, at the time, no resource based concerns which could justify its introduction (ie the resource was not under threat of over exploitation)
- that it would be tantamount to unjustly privatizing access to a natural resource and to restricting fair and equitable trading opportunities, thus exposing the Department to the threat of possible legal action under the dictates of the National Competition Policy (NCP).

Since that time licence limitation has been implemented in the FTO Fisheries in Western Australia and South Australia for reasons other than (specifically identified) resource based concerns and without any drastic NCP ramifications.

In supporting FTO licence limitation (in a submission to the body which assesses compliance with the NCP) Western Australia listed the following justifications:-

- There was a need to constrain fishing effort until scientific data was such that more informed judgements could be made in respect to the level of access and other relevant management measures.
- Entry to the fishery was restricted rather than limited; additional licences would be issued (a) if the proposed tour operation was to be undertaken in an area which was not currently serviced, and/or (b) for a fish stock which was considered to be at low risk of over-exploitation.
- Restricted entry would weed out the “fly by night” operator thus enhancing the professional status of the industry.
- Restricted entry would contribute significantly to business viability, and the growth and provision of service quality. Overcapitalization was less likely to affect business health and aquatic environment; and industry would be more amenable to playing a resource stewardship role.

South Australia gives its rationale for limiting its Charter Boat Fishery licences as:-

- Ensuring the orderly and economically sustainable development of the industry such that operators have long-term viability and are willing to invest and promote resource stewardship and best practice for the industry.
- Ensuring the reduction of potential conflict with the recreational, indigenous and commercial fishing sectors through localized depletion of fish stocks and over-crowding of fishing locations.
- Ensuring the provision of authentic data for fisheries management planning.
- Ensuring that the full management and research costs incurred in the orderly and sustainable development of the industry are borne by the principal beneficiaries of the limited entry regime.

The Association believes the Territory’s recreational fishery could profit significantly by following the lead set by these two States. By appropriately administering a restricted (rather than fully limited) FTO management regime the Government could provide a reliable source of funding for critically needed (recreational fishery) research.

### **Revision and Computerization of Current Catch Return Documentation**

With the increasing emphasis on prosecution for non-submission (or non-receipt) of FTO catch returns, the Association believes it is time to reassess the effectiveness and utility of the present system, which is now more than 10 years old, and which is still reliant on post-office mail.

From an FTO perspective perceived deficiencies include:-

- Non-acknowledgement of receipt of mailed returns
- Documents returned (by registered mail) to sender for correction of trivial mistakes/omissions
- Unnecessary repetition/reiteration of an individual’s established operational routines
- Relevance of such subjective data as client’s fishing experience.
- Large and non-specific location/area grids

The Fisheries Group has agreed in principle to digitizing return documentation but maintains (unofficially) that it needs to be applied across the entire range of NT fisheries. In the meantime, the Association recommends an immediate on-line trial for the FTO fishery using a digitized version of the existing return form.

## **4. FUNDING OPTIONS**

Four potential sources of funding were investigated and considered by the Executive Officer in consultation with Association's Management Committee. The outcomes of these considerations were as follows:-

### **Option 1: Government Grants.**

#### **Outcome:**

Investigations into possible Government funding sources revealed that all the grants on offer from various Government agencies were tied to infrastructure development and/or promotional activities. There were no grants available from any authority to fund a salaried position in either the short or the long term.

### **Option 2: Self-Funding.**

#### **Outcome**

The feasibility of self-funding by special levies on members and/or from membership fees was considered and eventually rejected on the premise that the imposition of substantial internal revenue raising measures would - at such an early stage in the Association's development - be a disincentive to membership and thus defeat the Association's principal *raison d'être* - which is to be as fully representative of the guided fishing industry as possible.

The Committee was mindful of the fact that a self-funded industry association (the Fishing Tourism Operators Association NT Inc.), which had existed in the 1990s, had failed because of the imposition of disproportionately high membership fees and a resultant lack of support from industry personnel.

### **Option 3: Dollar for Dollar Funding.**

#### **Outcome**

Government grants are often structured on the basis of matching contributions - a concept which appears to have been proposed by industry in May 2003 but which, at the time, was not supported by the Fisheries Group, probably because it did not meet their expectations of full cost recovery.

NTGFIA running costs currently amount to approximately \$45,000 per annum. The implementation of a dollar for dollar funding agreement based on a membership of 65% (the current level) of all licenced FTOs would see membership fees set at \$300, which would, in the Committee's opinion, deter many prospective members. FTOs have witnessed so many failed attempts to foster a representative body that they simply will not commit themselves to an organization unless and until it can be seen to be making headway on matters which are of concern to them.

The Association needs time to build its reputation and credibility with all stakeholders but especially with its own client base - a fishery, which, because of its operational diversity and unique characteristics, has so far resisted all Government overtures to self-start its own representative body.

Credibility cannot be achieved in the short term. The success or failure of the Association will ultimately depend on the outcomes of its representations for changes in the administration of the FTO Fishery, which facilitate business profitability. Some of these changes require amendments to the Fisheries Act and have been incorporated into the current Review of that Act. But it will be many months before any such amendments (assuming they are approved) can take practical effect. In the meantime the Association will need an injection of funds if it is to continue its operations.

#### **Option 4: A Combination of Licence Fee Revenue and Government Subsidies.**

##### **Outcome**

The Association considers this option the most viable and appropriate method of funding its operations until such time as the value of its contribution to the processes of regulating and administering the NT guided fishing industry can be independently assessed.

Implementation of this option would be on an “as needs” basis with the level of Government funding set by the licensing dynamics of the fishery. Under such a proposal the amount of Government funding would decrease in proportion to the incremental rise in both licence fees and Association membership fees over a three or five year time frame.

For example: in 2005/6 there were some 150 FTO licences issued. At \$200 each, licensing revenue would total \$30,000. Government funding to cover the difference between licence revenue and the Association’s operating costs would amount to \$15,000.

The Committee noted that other industry associations currently contributing to the consultative processes of official policy making (viz, AFANT and NTSC) are funded annually either in whole or in part, by the NT Government - and to a much greater extent than \$15,000.

## **5. SUMMARY**

- The Guided Fishing Industry Association Inc (NTGFIA) was incorporated on 13 May 2005.
- It has a current membership of 74 - approximately 65% of the total number of licences issued.
- The Industry has agreed to the introduction of a \$200 licence fee in the 2006/7 licensing year.
- Industry has also agreed in principle to (eventual) full cost recovery by incremental increases in licence fees over a three or five year time frame, but on the proviso that substantial progress is made towards establishing a more business oriented administrative environment for FTOs.

- Such an environment can be fostered by appropriate amendments to Sections 13 and 14 of the Act and by the declaration of the FTO Fishery as a Managed Fishery
- There are now precedents and different perspectives on the introduction of licence limitation (or its variants) into FTO Fisheries in other States, which are highly relevant to the Northern Territory situation.
- Both Government and Industry can benefit significantly from the introduction of a *restricted* (rather than fully *limited*) licence regime in the NT, with the application of all or part of the revenue from the sale of *additional* licences to recreational fishery research.
- Catch return documentation needs to be revised and digitized for optional on-line use.
- Viable funding sources for the NT Guided Fishing Industry Association are limited to either licensing fees or Government subsidies – or an appropriate combination of both.
- The Association needs time to build its reputation and credibility with all stakeholders but especially with the guided fishing industry. This is no easy task given the diversity and unique operational characteristics of the fishery.
- To secure adequate industry representation until it can gain credible status the Association needs to keep membership fees and levies at nominal levels.
- The Association needs funding to continue its operations. The most equitable way to provide for it in forthcoming years is to adopt the dynamic funding option set out above in Section 4, Option 4.

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