Regulation Impact Statement

for options to ensure sensible economic development of an Albacore sector with the Eastern Tuna and Billfish Fishery

August 2006
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A Introduction

This Regulation Impact Statement (RIS) examines the proposed introduction of a fishing closure in part of the Eastern Tuna and Billfish Fishery (ETBF) via a Direction under the Eastern Tuna and Billfish Fishery Management Plan 2005. A brief description of the ETBF is provided to give context to the problem to be addressed. Following a description of the problem to be addressed, the objectives for the introduction of the Direction are outlined. Using qualitative policy review and analysis of the existing fishery management arrangements, the costs and benefits of the impacts of five possible options are assessed and the option that is most likely to achieve the desired objectives is recommended. The RIS concludes by recommending the implementation of a fishing closure, subject to specific exemptions for currently active boats. The consultation process for the development of the recommended option is summarised, and the implementation and review processes of the preferred option is presented.

A copy of the Direction and Explanatory Statement is included as Attachments C and D.

B Background

The Eastern Tuna and Billfish Fishery

Area of the fishery

The Eastern Tuna and Billfish Fishery (ETBF) comprises the eastern part of the Australian Fishing Zone (AFZ) which includes Commonwealth waters off Queensland, NSW, Victoria and Tasmania out to the 200 nautical miles limit of the AFZ, as well as waters around Norfolk Island (see figure below). The Commonwealth has reached agreements under offshore constitutional settlement (OCS) with Queensland, Victoria and Tasmania on the Commonwealth’s jurisdiction over commercial fisheries for tuna and tuna-like species within state waters.

Since 1 July 2002, the ETBF has encompassed high seas within the area of competency of the Convention for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. This area of water is also included within the Eastern Tuna and Billfish Fishery Management Plan. Internationally, the Western and Central Pacific Fisheries Commission (WCPFC) has competency for managing tuna species in the area. Australia is a signatory to and strongly supports the objectives and principles of the United Nations Convention on the Law of the Sea and also the United Nations Fish Stocks Agreement. As a member, Australia is bound by decisions of the WCPFC.
Species composition

The ETBF is a multi-species and multi-method fishery. Fishing activity targets tuna and tuna-like species (A full description of the species recorded as taken in the ETBF can be found in the data summary and analysis available on AFMA’s website). However, the species that AFMA has jurisdiction and issues permits for are:

- Yellowfin tuna
- Bigeye tuna
- Longtail tuna
- Albacore tuna
- Skipjack tuna
- Northern bluefin tuna
- Striped marlin
- Broadbill swordfish
- Pomfrets (or Rays Bream)
- Indo-Pacific sailfish
- Shortbill spearfish

- Thunnus albacares
- Thunnus obesus
- Thunnus tonggol
- Thunnus alalunga
- Katsuwonus pelamis
- Thunnus orientalis
- Tetrapurus audax
- Xiphias gladius
- family bramidae
- Isthiophorus platypterus
- Tetrapturus augustirostris
It should be noted that southern bluefin tuna (*Thunnus maccoyii*) is also taken in the ETBF but covered by quota under the Southern Bluefin Tuna Management Plan. Similarly, skipjack tuna is taken in the ETBF but due to the differences in the catching techniques and schooling behaviour of this species, this species is managed separately from ETBF. Black Marlin (*Makaira indica*) and Blue marlin (*Makaira mazara*) are protected species under the FMA and not permitted to be taken from the fishery.

The main catch of the pelagic longline and minor line sectors of the ETBF is yellowfin tuna, bigeye tuna, albacore tuna, broadbill swordfish and striped marlin.

**Existing management regime**

**Eastern Tuna and Billfish Fishery Management Advisory Committee**

The ETBF is managed by AFMA with advice from the Eastern Tuna and Billfish Fishery Management Advisory Committee (Eastern Tuna MAC). Established in 1986, Eastern Tuna MAC is the principal forum where issues relating to the management of the fishery are discussed. The Chairman’s Summary from each Eastern Tuna MAC meeting is routinely sent to all ETBF operators and interested persons. The Eastern Tuna MAC is the peak consultative body for the ETBF. It is currently comprised of an independent Chairman, an executive officer, one AFMA member, one scientific member, one conservation member, one recreational/charter fisheries member and four industry members. There are also four permanent observers (a recreational/charter fishing observer, a Great Barrier Reef Marine Park Authority observer, a Department of Environment and Heritage observer and a State government observer) who regularly attend MAC meetings and provide advice on specific issues. Eastern Tuna MAC meets on average three times per year, and more frequently when required.

**Management arrangements and fishing methods**

Management arrangements presently in place for the ETBF utilise a range of input controls which, together with various measures to ensure effective compliance, are designed to constrain total fishing effort. These include limited entry and a range of conditions on permits, such as requirements relating to vessel monitoring systems (VMS), spatial and temporal management, reporting requirements and byproduct catch limits.

The *Eastern Tuna and Billfish Fishery Management Plan 2005* commenced in October 2005 but has not yet been fully implemented. The key component of the Plan is an effort management system based on Statutory Fishing Rights (SFRs) that allow each permit holder to use a certain number of hooks in the fishery each year. A drafting error in the Plan has prevented allocation of the SFRs, but an amendment is in progress and the allocation process is expected to occur within the next 18 months. The fishery is currently operating under the transitional provision in the Plan.
The fishing methods used in the fishery are pelagic longline, minor line, and poling. A **pelagic longline** consists of a mainline with attached branch lines, each fitted with one or more baited hooks or artificial lures. The longline is set during fishing operations in such a manner that the mainline, branch lines and hooks are suspended below the surface in the water by floats at the sea surface. **Minor line** fishing is based on fishing methods using trolling, rod and reel and handlining. During minor line fishing operations a fishing line or number of lines remain attached to the vessel throughout the fishing operation and only one hook, or one set of ganged hooks, or one lure is attached to each line at any time. **Poling** is a method by which fish is enticed to strike at an artificial or natural lure or bait at the end of a line attached to a pole, and is then brought on board the boat. Currently, the majority of effort in the ETBF is longline fishing. This is expected to continue when the Eastern Tuna and Billfish Fishery Management Plan comes into operation.

The ETBF is a multi-species fishery, and while there is some zoning, the majority of permits allow fishing over a wide area of the fishery. The ETBF operates in accordance with the decisions made of the Western and Central Pacific Fisheries Commission (WCPFC), to which Australia is a signatory. Resolutions on albacore from the Second Session of the WCPFC held in December 2005, state that member and cooperating nations:

1. shall not increase the number of fishing vessels actively fishing for South Pacific albacore in the Convention Area south of 20°S above current (2005) levels or recent historical (2000-2004) levels;
2. should carefully assess beforehand the economic consequences of CPUE reductions as a result of catch and effort increases to MSY levels; and
3. shall cooperate to ensure to ensure the long-term sustainability and economic viability of the fishery for South Pacific albacore, including cooperation and collaboration on research to reduce uncertainty with regard to the status of this stock.

As a member of the WCPFC, Australia, through AFMA, is obligated to implement all WCPFC management resolutions in a timely manner.

**Ministerial Direction**

In December 2005 the Minister for Fisheries and Forestry issued AFMA with a Ministerial Direction under section 91 of the Fisheries Administration Act 1999. AFMA must comply with those Directions. In his Direction the Minister required AFMA to, amongst other things:

- take immediate action in all Commonwealth fisheries to:
  - a) cease overfishing and recover overfished stocks to levels that will ensure long term sustainability and productivity;
  - b) avoid further species from becoming overfished in the short and long term; and
  - c) manage the broader environmental impacts of fishing, including on threatened species or those otherwise protected under the Environment Protection and Biodiversity Conservation Act 1999

A full copy of the Ministerial Direction is included as Attachment D.
Problem identification

Fishers in the ETBF are rapidly changing their fishing patterns to commence targeting albacore stocks. Vessel which had previously stopped fishing are also becoming active in fishing for albacore. Albacore stocks are must not be over-fished and further restrictions on albacore take are being considered by WCPFC. Without careful management and restriction now the level of investment by industry may not justify given the longer term returns and this would be inconsistent with the legislative objective of “maximising the net economic returns to the Australian community from the management of Australian fisheries.” The proposed closure is designed to prevent the activation of fishing concessions that have been inactive to fish for albacore.

Background

In early 2006, several permit holders (mainly from Mooloolaba in Queensland) commenced increasing catches of south pacific albacore (T. alalunga). While albacore have always been a key species in the fishery, they have mainly been taken as a secondary part of the catch while targeting more valuable species such as Yellowfin and Bigeye tuna.

The increase in catches in 2006 has been achieved by using different gear configurations and setting hooks deeper in the water column than has previously been the practice. The initial change in targeting behaviour have been driven by several factors including:

- Increased fuel prices, encouraging fishers to access species closer to port.
- Management arrangements that have encouraged some fishers who traditionally targeted swordfish to fish for other species.
- Increased understanding of deep setting techniques.
- Lower operational costs in regards to the use of cheaper bait types.

Status of albacore

Regionally (ie in the Western and Central Pacific Ocean), albacore are considered to be underfished, meaning that increased catches could be sustained. This is primarily because the fish being caught by longlines are well above the size at maturity, which therefore means that fish have ample opportunity to breed before being caught.

However, international experience in many other south pacific countries has shown that localised depletion of these large fish can occur extremely rapidly if fishing effort is not managed appropriately. As described above, this does not significantly effect the population in terms of biological sustainability, but does have serious implications for the economic returns to the fishery. That is, as catch rates (and fish size) decline, fishers need to spend more time fishing to catch the same amount of fish, thereby decreasing the profits from each fishing trip.

This presents a clear message that the management of albacore must be focused on preventing localised depletion of the larger fish in order to maintain high catch rates and therefore, profitability.
Latency in the ETBF

There are approximately 275 permits to fish in the ETBF. Of these permits, only approximately 180 are attached to a boat and could therefore go fishing in the near future. Of those 180 boats, approximately 75 have reported fishing so far in 2006. This means that approximately 73% of the ETBF "fleet" has been latent in 2006.

Incentives for albacore fishing

The boats that initially targeted albacore in 2006 demonstrated extremely high catch rates and favourable economic returns and this has encouraged others to move into the area and begin targeting albacore.

The cheaper operational costs, coupled with the high catch rates and the premium prices paid for other tuna species caught with albacore all combine to make fishing for albacore an attractive proposition in the ETBF.

Historical annual catch of albacore in the ETBF has been in the order of 600 tonnes. It is predicted that catches in 2006 could reach up to 4,000 tonnes. Such a significant increase in take needs to be managed carefully.

Incentives for activation of latent permits to fish for albacore

The high catch rates and decreased costs of albacore fishing described above present a clear incentive for any permit holder to move into the albacore fishery.

There are several other ongoing matters that may encourage individuals to activate latent permits to fish for albacore.

Firstly, the Australian Government is currently conducting a funded structural adjustment in Commonwealth fisheries, with the ETBF being a key target fishery. As a result of the adjustment, there are likely to be a potentially large number of people with readily accessible funds and knowledge of the fishery. There are also likely to be large numbers of cheap fishing boats (as a result of removal of the permit previously attached) available.

The combination of ready capital, cheap boats and high perceived returns may result in a “gold rush” reaction that could see a large increase in the number of boats fishing for albacore.

Secondly, in several instances in the past, access to fisheries resources has been allocated based on catch history. When a new opportunity is realised, there is sometimes an observed "rush" to build catch history as a form of insurance against future management reform.

The activation of latent permits for either of these reasons would not be consistent with the objective discussed below. In addition, the activation of latent permits as a result of the current structural adjustment package would be inconsistent with the rationale for that package.

D Objectives

AFMA’s legislated objectives are conveyed in the Fisheries Management Act 1991. It has
been acknowledged that AFMA can give different weighting and importance to individual legislative objectives depending on the circumstances at hand.

While all legislative requirements are important, the key objective of management arrangements for albacore in the ETBF is to ensure maximum economic returns to the Australian community from the exploitation of albacore.

AFMA intends to achieve this object in the following two ways:

- Determining management arrangements that will avoid localised depletion and associated decline in profitability so that financial returns are maximised. Such management measures may include a Total Allowable Catch and associated trigger points as has been applied in other fisheries; and

- Matching the level of capital investment in the albacore fishery with those financial returns to ensure that the true economic potential of albacore is realised (prevent overcapitalisation).

Long term management arrangements to achieve the first of these points will be delivered under the Management Plan once fully implemented. Medium term or interim arrangements are currently under development.

The proposed closure addresses the second point by prevent rapid expansion in capital invested to catch albacore.

E Options

A number of options were considered as possibilities to manage the albacore fishery. As stated above, medium term management arrangements to ensure ongoing financial returns are under development.

An assessment of the utility of each option, in the form of cost and benefits to business, Government and the community is conducted below.

For all options, it is important to note that albacore are known to be caught throughout most of the ETBF area and that the area of current albacore fishing is no actually where the highest concentrations have been caught in past years (prior to the development of deep setting techniques). Attachment A provides a map where the majority of albacore have been caught during 2006, which is therefore deemed the closure area.

Option 1 – Area closure to latent permits

Under this option, the area where the majority of albacore have been caught in 2006 (see Attachment A) would be closed via Direction issued under the Management Plan. An exemption would be provided (via permit condition) for any non-latent permit for continued access to the area.

To be classified as exempt from the closure (i.e. non-latent), a permit would need to meet the following criteria (noting that special circumstances would need to be considered on an individual basis):

- An exempt permit must have been attached to a boat as at 1 August 2006 (the date that AFMA announced that it is considering management arrangements); and
• The boat nominated on the permit must have fished in the fishery during 2006 (as evidenced by a Catch and Disposal Record).

In simple terms, the closure will therefore only apply to those permits that either are not attached to a boat, or are attached to a boat that has not fished this year. This option would not prevent latent permits from being activated to fish in the remainder of the fishery.

**Option 2 – Maintaining the status quo**

Under this option, no effort would be made to prevent overcapitalisation in the fleet fishing for albacore. That is, while medium term management arrangements are being developed, no action would be taken to prevent the activation of latent permits to fish for albacore.

**Option 3 – Area closure to all permits**

Under this option, the area where the majority of albacore have been caught in 2006 (see Attachment A) would be closed via Direction issued under the Management Plan. Unlike option 1, no exemptions would be made, meaning that all permits would be excluded from this area.

**Option 4 – Prevent activation of latent permits**

Under this option, a closure to the entire fishery area would be introduced via Direction under the Management Plan. An exemption would be allowed for permits that meet the criteria explained in option 1.

While similar in construction and operation to option 1, the key difference under this option is that latent permits could not be activated to fish anywhere in the fishery.

**Option 5 – Prevent movement of active boats into the albacore area**

Under this option, the area where the majority of albacore have been caught in 2006 (see Attachment A) would be closed via Direction issued under the Management Plan. An exemption would be allowed for permits that are attached to boats that have actively fished in that area during 2006.

Once again, this is similar to option 1, except that as well as excluding latent permits from the albacore area, this option also excludes those permits that are active in the fishery, but have not fished in that area during 2006. This would exclude access to approximately 40 active permits.

**F Impact analysis**

The following table summarises the impact analysis for different options reflecting on how the different options will affect the relevant stakeholders in terms of costs and benefits. These stakeholders are:

**Community:** In general, members of the Australian public are consumers and protectors of fishery resources. The key interests of the community in fisheries resources comes from:

- Long and short term impacts on supply and price of commercially caught fish;
• the stock of future wealth that can be gained from the resource if it is managed cost-effectively, including the recovery of the attributable costs of management from those that directly benefit financially form the use of fishery resources;

• access to recreational and sport fishing, diving and visiting experiences if the marine ecosystem is conserved under good management; and

• the intangible benefits associated with knowing the marine ecosystem is conserved under good management.

**Business:** The main business stakeholders are the fishers/fishery operators. Albacore is a relatively low valued fish (≈$2 to $3 per kg). The predicted take for 2006 could therefore reach a value of up to $12 million. The key interests of fishers are:

• Secure access rights to fisheries resources;

• Management that will maximise the economic efficiency of the fishery resources;

• Cost-effective management; and

• Accountability of the management process.

For the purposes of analysis the business sector is divided into three components:

• permits that have been used in 2006 to fish for albacore in the albacore area (n≈20) – denoted below as ALB;

• permits fishing to fish in 2006 but not for albacore in the albacore area (n≈55) – denoted below as FISH; and

• permits not fishing in 2006, or latent permits (n≈200) – denoted below as LAT.

**Government:** AFMA was established under the *Fisheries Administration Act 1991* (the FAA) and manages fisheries under the FMA. AFMA is the Commonwealth statutory authority responsible for ensuring the sustainable use and efficient management of Commonwealth fishery resources on behalf of the Australian community and key stakeholders. AFMA manages fisheries within the Australian Fishing Zone (AFZ) from 3 to 200 nautical miles and in some cases, by agreement with Australian states, to the low water mark. Since the ratification of the UN Fish Stocks Agreement, the FMA has been amended to require management of Australian fishers on the high seas when fishing for migratory and straddling fish stocks.

While not involved in AFMA’s day-to-day operations, the Minister for Agriculture, Fisheries and Forestry oversees AFMA’s activities through key accountability provisions within the legislation. The Minister of Environment and Heritage accredits Management Plans under the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act).

The following table summarises the impact analysis for different options reflecting on how the different options will affect the relevant stakeholders.
### Option 1 – Area closure to latent permits

<table>
<thead>
<tr>
<th>Community</th>
<th>Business (fishers)</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
<td>Increased chance of continued stable supply (noting that the majority of catch is not destined for local markets)</td>
<td>ALB – Provides continued access with while maintaining catch rates</td>
</tr>
<tr>
<td></td>
<td>Increased chance of long term net economic benefit to the community</td>
<td>FISH – Provides continued potential for diversification into the albacore area while maintaining catch rates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAT – Provides continued potential to activate permits in other areas. Prevents investment of large amounts of capital for uncertain long term returns.</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>No identifiable costs</td>
<td>ALB – Some potential for decreased catch rates if other active permits move into the area</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FISH – No identifiable costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAT – Unable to activate to fish for albacore, noting that this is a loss of potential income, rather than an actual cost.</td>
</tr>
</tbody>
</table>

### Option 2 – Maintain Status Quo

<table>
<thead>
<tr>
<th>Community</th>
<th>Business (fishers)</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
<td>Decreased chance of continued stable supply (noting that the majority of catch is not destined for local markets)</td>
<td>ALB – Provides continued access with but with failing catch rates and lower returns</td>
</tr>
<tr>
<td></td>
<td>Decreased chance of a long term net economic</td>
<td>FISH – Provides continued potential for diversification into the albacore area but with</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>Decrease in catch rates likely to result in decrease of overall take and associated reduction in throughput via local ports.</td>
<td>All Business High potential for decreased catch rates if other active and latent permits move into the area. Likelihood that catch rates will decline significantly resulting in reduced financial return outweighed by capital investment.</td>
</tr>
</tbody>
</table>

**Option 3 – Area closure to all permits**

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Community</th>
<th>Business (fishers)</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
<td>No identifiable benefits</td>
<td>No identifiable benefits</td>
<td>No identifiable benefits</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>No albacore supply and associated local economic benefits Under United Nations Law of the Sea Australia would need to consider access from other nations vessels if our fleet are not exploiting this stock. If success this could result in an economic loss to the Australian Community</td>
<td>ALB – Direct financial impact as fishers will be required to move to other grounds and fish for other species. Based on projected figures, cost may be several million dollars. Lost of established markets for product. FISH – Can expect decreased catch rates as ALB permits begin to compete with them due to closed fishing grounds. LAT – No identifiable cost.</td>
<td>Increased costs associated with monitoring of closures and patrolling particularly if industry perceive that the potential benefits of illegal fishing in the area outweigh the costs.</td>
</tr>
</tbody>
</table>
Option 4 – Prevent activation of latent permits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Business (fishers)</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased chance of continued stable supply (noting that the majority of</td>
<td>ALB – Provides continued access while maintaining catch rates.</td>
<td>Easy to implement and enforce. Provides basis for medium term management</td>
</tr>
<tr>
<td>catch is not destined for local markets)</td>
<td>FISH – Provides continued potential for diversification into the albacore area while maintaining catch rates</td>
<td>arrangements.</td>
</tr>
<tr>
<td>Increased chance of long term net economic benefit to the community</td>
<td>LAT – No identifiable benefit</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>ALB – Some potential for decreased catch rates if other active permits move into the area</td>
<td>There are likely to be significant appeals process arising from such a decision which will result in significant costs to Government.</td>
</tr>
<tr>
<td>No identifiable costs</td>
<td>FISH – No identifiable costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAT – Unable to activate permits to fish in any area, noting that this is a loss of potential income, rather than an actual cost.</td>
<td></td>
</tr>
</tbody>
</table>
Option 5 – Prevent movement of active boats into the albacore area

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Community</th>
<th>Business (fishers)</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased chance of continued stable supply</td>
<td>ALB – Provides continued access with while maintaining catch rates</td>
<td>Provides basis for medium term management arrangements.</td>
</tr>
<tr>
<td></td>
<td>(noting that the majority of catch is not destined for local markets)</td>
<td>FISH – Provides continued access to grounds currently being fished.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAT – Provides continued potential to activate permits in other areas. Prevents investment of large amounts of capital for uncertain long term returns.</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>No identifiable costs</td>
<td>ALB – No identifiable costs</td>
<td>Moderate costs for VMS surveillance of small number of boats</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FISH – No ability to diversify into the albacore area, noting that this is a loss of potential income, rather than an actual cost.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LAT – Unable to activate to fish for albacore, noting that this is a loss of potential income, rather than an actual cost.</td>
<td></td>
</tr>
</tbody>
</table>
Business Cost Calculator

Please see Attachment B for the summary report developed via the Business Cost Calculator from the Office of Small Business. While all options examined affect businesses, the total cost to businesses is by means of loss of potential income rather than actual cost. This potential loss should be considered against the significant capital investment that is required for a person to commence fishing for albacore with vessel and gears costs exceeding $0.5 million. It should be noted that for the purposes of the BCC, calculations were made according the number of fishing businesses rather than individual permits, as numerous businesses own more than one permit.

Assessment of impacts

The Commonwealth Government requires all regulation to be assessed for environmental, economic and social impacts. AFMA has assessed the environmental and economic impacts of the recommended option and will address the social impact more informally.

Environmental impacts

As described above, the biological characteristics of albacore mean that it comes economically unviable to fish for them long before there is any significant impact on the recruitment levels of the stock. Environmental impacts (on a stock level) from a well managed albacore sector will be minimal.

In terms of overall sustainability, there is evidence to indicates that the deep setting techniques used to target albacore result in less bycatch of seabirds and turtles, which are protected species.

Conversely there is also evidence which suggest that deep setting may increase the catch of Black Marlin, which is a prohibited species under the Fisheries Management Act 1991.

Economic impacts

As explained above, if the level of fishing effort directed at albacore is not carefully managed, the depletion of larger fish results in a decline in catch rate, and therefore, financial return. It is therefore crucial that the development of an albacore sector is managed appropriately to ensure that not only are catch rates maintained, but also that the financial returns justify the level of capital investment in the fleet.

Implementation of the most appropriate option will ensure the maximisation of economic returns to the Australian community.

Social impacts

Some options above prevent individuals from conducting activities under permits that they hold. For example, option 5 prevents a person who has been actively using their permit in the fishery from moving into the albacore area unless they been actively fishing in 2006. The holders of permits in the ETBF have a reasonable expectation that they should be allowed to use those permits to fish in accordance with the Management Plan.

Those options that wholly prevent a person from using their permit may be seen as unreasonable from a social impact perspective.
Implementation of the most appropriate option will ensure the minimisation of negative social impacts on the Australian community.

G Consultation

AFMA's management philosophy (as set out in its governing legislation) involves a partnership approach to the management of marine resources under its jurisdiction. Cooperation with relevant stakeholders, such as the fishing industry, government agencies, the community and others with an interest in the sustainable management of the Commonwealth managed fisheries resources, is a vital part of this approach. It provides opportunities for stakeholders to have input into the management process through Management Advisory Committees (MACs).

The Eastern Tuna and Billfish MAC (ETMAC) is the main forum for the provision of management advice to AFMA regarding the ETBF. ETMAC has specifically considered options and arrangements for the management of the developing albacore sector, both in the context of immediate actions such as those discussed in this RIS and medium term actions to ensure appropriate financial returns from albacore fishing. ETMAC has unanimously recommended option 1 as its preferred approach.

H Recommended option and conclusion

Based on the consultations conducted, and consideration of the relative merits of each option, AFMA concluded that option 1 is the most appropriate way in which to ensure that overcapitalisation of the albacore fishery does not occur in the immediate term.

AFMA believes that limiting participation in the specific area of current albacore targeting to only those boats that are currently active in the fishery represents the best basis for medium term arrangements to ensure profitability and prevent localised depletion.

AFMA is of the opinion that option 1 presents the best balance between limiting further expansion in the area and allowing permit holders freedom to tailor their fishing operations. Option 1 allows active fishers to continue fishing in their current manner, or to shift areas. Similarly, this option allows holders of latent permits to activate those permits and leaves the majority of the fishery available for them to fish.

AFMA considers that any proposal that limits access for currently active operators from the albacore area, even where they had not fished in that area, would be unreasonable. Given the short timeframe over which the albacore fishery has developed (less than 8 months), fishers have not had sufficient opportunity to diversify should they wish to. It may be an inappropriate precedent for AFMA to set that any fisher who participates in the first few months of a developing fishery/sector would be rewarded with exclusive access.

Option 1 therefore provides the best balance of being able to regulate expanding effort (and therefore capital investment), provide flexibility and opportunity for all permit holders and create a management basis for the medium term management arrangements.
I Implementation and review

The proposed closure will be implemented via a Direction under the Management Plan. The exemption to allow currently active permits continued access to the area will be implemented via permit amendments to those permits that meet the criteria.

The development of an albacore sector provides an excellent opportunity to ensure sensible development underpinned by rational fisheries economics. It is expected that consideration will be given to arrange of ongoing arrangements and data needs over the coming few months. This will provide ample opportunity to review, and if necessary, amend the arrangements to limit capital expansion.

The consideration of further management regimes will be undertaken by AFMA in conjunction with ETMAC and overseen by the AFMA Board.
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<tr>
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Caution should be used comparing options and interpreting results over time. The Business Cost Calculator does not estimate the future values of ongoing costs. Refer to the User Guidelines for further information.
## Summary Report
**ETBFD02-Albacore Closure**

**Option Name:** Area Closure to Latent Permits

<table>
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**Businesses Affected:** 93

**Option Name:** Maintaining the Status Quo

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**Businesses Affected:** 0

**Option Name:** Area Closure to all Permits

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**Businesses Affected:** 142

**Option Name:** Prevent Activation of Latent Permits

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**Businesses Affected:** 93

**Option Name:** Prevent Movement of Active Boats into the Albacore Area

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**Businesses Affected:** 119