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SPECIAL

Senator the Hon. Ian Macdonald

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Minister for Fisheries, Forestry and Conservation

16 DEC 2005

Mr Tony Rundle
Chair
Australian Fisheries Management Authority
PO Box 7051
Canberra Business Centre
CANBERRA ACT 2610

Dear Mr Rundle *Tony,*

I refer to the management of Commonwealth fisheries and the need to improve their biological and economic status.

As I have indicated to you in previous correspondence, the Government is committed to taking decisive action during this term to put an end to overfishing, and to limit the risk of future overfishing.

The current trajectories for stock recovery in many fisheries are very long, indicating that a faster pace of recovery is necessary if fisheries are to return to sustainable and profitable circumstances in the medium term. I am satisfied that, because of the poor biological and economic status of a number of the fisheries, exceptional circumstances exist and it is necessary for me to direct the Australian Fisheries Management Authority (AFMA), under the authority of section 91 of the *Fisheries Administration Act 1991* (FAA), to ensure that AFMA's ongoing performance of its functions, and the exercise of its powers, do not conflict with Government policy.

As such, consistent with section 91 of the FAA, I am writing to direct AFMA as follows:

1. Noting the qualification in relation to internationally-managed fisheries in paragraph 2(a)(iv) below, AFMA must 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*.
2. AFMA must take a more strategic, science-based approach to setting total allowable catch and/or effort levels in Commonwealth fisheries, consistent with

a world's best practice Commonwealth Harvest Strategy Policy that has the objectives of managing fish stocks sustainably and profitably, putting an end to overfishing, and ensuring that currently overfished stocks are rebuilt within reasonable timeframes, as set out below:

- a. Consistent with the United Nations Fish Stocks Agreement, and based on advice from CSIRO and other relevant scientists, the initial setting of the Commonwealth Harvest Strategy Policy, should be:
 - i. in all Commonwealth fisheries the exploitation rate of target stocks in any fishing year will not exceed that giving the Maximum Sustainable Yield. The catch of target stocks in all Commonwealth fisheries will not exceed the Maximum Sustainable Yield in any fishing year unless otherwise consistent with a scientifically robust harvest strategy designed to achieve a sustainable target level and that does not result in overfishing or overfished stocks;
 - ii. for the initial and default harvest strategy, reductions in exploitation rate and catch are to be implemented immediately when breeding stocks are assessed to have been reduced below 40% of pre-fished levels, and targeted fishing to cease when breeding stocks are assessed to have been reduced below 20% of pre-fished levels (known as a '20/40' harvest strategy). Alternative harvest strategies may be developed in specific cases where they meet the sustainability objectives and do not result in overfishing or overfished stocks;
 - iii. the harvest strategy must achieve the objective of avoiding overfishing and avoiding overfished stocks with at least 80% probability (where lack of knowledge about a fish stock precludes decision making with this level of certainty, decisions on catch/units should reflect the application of the precautionary principle); and
 - iv. noting that for internationally-managed fisheries to which Australia is a party (such as the Southern Bluefin Tuna Fishery and the Heard Island and McDonald Islands Fishery) the relevant international agreement will prevail where it includes an acceptable scientific process for setting sustainable catch levels. In such fora, Australia will advocate its domestic policy settings as an example of best practice.
- b. Participate in an expert review of the policy referred to in paragraph 2(a) above which will report to me by 30 June 2006.
 - The expert-based review of the above initial settings for the Commonwealth Harvest Strategy Policy will determine if, and by how much, these settings should be amended to ensure that the objectives in relation to sustainability and profitability, overfishing and recovery of stocks are met within specified time limits.
 - The expectation is that for some species, the adoption of more conservative harvest strategies with higher stock size thresholds (e.g '30/50' strategies), lower exploitation rates or a higher

probability (e.g. 90-95%) of avoiding overfishing will be necessary to achieve these objectives.

- The review will be led by the Department of Agriculture, Fisheries and Forestry (DAFF), will involve relevant bodies, and will be peer reviewed by international fisheries experts.
3. Noting that AFMA has released the Total Allowable Catch (TAC) levels for 2006 in the Southern and Eastern Scalefish and Shark Fishery (SESSF) and projected TAC and Total Allowable Effort (TAE) levels for the SESSF and the Eastern Tuna and Billfish Fishery respectively for 2007, AFMA must implement by 1 January 2007, harvest strategies consistent with the reviewed policy in paragraph 2(b) above for all Commonwealth fisheries:
- the projected TACs and TAEs for 2007 referred to above will be subject to verification under the reviewed policy in paragraph 2(b), however it is not expected that these will vary significantly from those already announced by AFMA;
 - the TAC level for the Bass Strait Central Zone Scallop fishery should be set at zero for a minimum of three years from January 2006, (excluding official stock surveys).
4. AFMA must also have regard to, participate in, or implement the following measures:
- a) Implement the long standing government policy of managing Commonwealth fisheries using output controls in the form of individual transferable quotas by 2010 unless there is a strong case that can be made to me, on a fishery by fishery basis, that this would not be cost effective or would be otherwise detrimental;
 - b) In those fisheries where quota or effort-based Statutory Fishing Rights (SFRs) have been granted, conduct a cost-benefit analysis to determine whether boat permits and/or boat SFRs are an impediment to autonomous adjustment or are otherwise a barrier to efficient fisheries management and if this is the case, whether they could be phased out by 2010 while:
 - i. Avoiding overcapitalisation;
 - ii. Retaining the benefits of government funded structural adjustment;
 - iii. Managing access to all retained species.
 - c) Minimise the incentives for discarding by ensuring it is factored into the setting of total allowable catch levels;
 - d) Manage the broader environmental impacts of fishing, including minimising the level of interactions with threatened or otherwise protected species;
 - e) Enhance the monitoring of fishing activity, for example through increased use of vessel monitoring systems with daily reporting, on-board cameras, and observers;
 - f) Establish a system of independent surveys for all major Commonwealth fisheries by 1 January 2007 to increase the transparency and integrity of catch and effort information;

- g) Identify and implement any required spatial closures in fisheries;
 - Ensure that where ongoing exclusion of fishing is proposed there is a coordinated approach with other relevant agencies to the identification of the Marine Protected Areas; and
 - h) Strengthen the advice to the AFMA Board by engaging high-level expertise in economics and science to provide parallel advice to the AFMA Board in relation to key Board decisions.
5. AFMA must provide me with reports in May 2006, November 2006 and May 2007, outlining the following:
- a) how AFMA is implementing this direction (paragraphs 1-4 above);
 - b) AFMA's progress in implementing the direction and expected timeframes for completing the direction; and
 - c) any problems encountered with implementing the direction and the actions taken to resolve those problems.
6. From 2006 - 2010, AFMA will outline in its Annual Report its progress in implementing this direction.

I will be monitoring AFMA's performance in implementing the direction in a number of ways. These will include, but are not limited to:


- a) AFMA's reports to me in May 2006, November 2007 and May 2007;
- b) ongoing briefing from my Department on the progress of the expert-based reviews;
- c) the June 2006 report on the expert-based review of the Commonwealth Harvest Strategy Policy;
- d) ongoing advice from BRS on the status of overfished stocks, particularly through its annual Fishery Status Reports;
- e) ongoing advice from ABARE on the economic status of Commonwealth fisheries through the annual Fishery Survey Reports;
- f) AFMA's Annual Reports;
- g) the Department of the Environment and Heritage's strategic assessments of Commonwealth fisheries.

Recognising the poor economic conditions being experienced by many Commonwealth fisheries, the Government is implementing a substantial structural adjustment package to encourage the removal of excess fishing capacity. The assistance and cooperation of the AFMA Board in implementing this program, in conjunction with the measures outlined above, would be appreciated. I will be writing to you separately with details of the assistance package.

In accordance with section 91 of the FAA I will provide a notice setting out the particulars of this direction to be published in the Gazette and a copy of the notice to be laid before each House of the Parliament within fifteen days of publication in the Gazette. I note that there is also a requirement under the FAA for AFMA to include particulars of the direction and particulars of the impact of that direction on the operations of AFMA, in its next annual report.

I would welcome the opportunity to meet with you and the AFMA Board to discuss this direction and how AFMA plans to implement the measures outlined above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Macdonald', written in a cursive style.

Ian Macdonald