

GIPPSLAND LAKES COMMERCIAL FISHING

ADJUSTMENT PROGRAM

Information Booklet

December 2019



This booklet provides details of the Gippsland Lakes Commercial Fishing Adjustment Program for Gippsland Lakes Fishery Access Licences. It includes information about the process for the industry adjustment and licence surrender required by recent amendments to the *Fisheries Act 1995*. This information has been provided to assist commercial fishing licence holders understand the program; it is not intended to pre-empt the processes of Rural Finance as the Program Administrator.

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DEFINITIONS

Licence holder - holder of a Gippsland Lakes Fishery Access Licence

GLAP – Gippsland Lakes Adjustment Program

GLFAL - Gippsland Lakes Fishery Access Licence

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INTRODUCTION

In October 2019 legislation was passed by the Victorian Government to remove commercial fishing under the Gippsland Lakes Fishery Access Licence (GLFAL). There are 10 GLFAL that authorise licence holders to undertake commercial fishing for a variety of species in Gippsland Lakes.

This information booklet explains how the Gippsland Lakes Commercial Fishing Adjustment Program (GLAP) will operate and how the GLAP will be administered.

The booklet describes:

- the objectives of the GLAP;
- the process for determination of compensation amount;
- the process for election to surrender licences;
- how applications are dealt with; and
- where further information can be obtained.

OBJECTIVES OF THE PROGRAM

The objective of the GLAP is to:

- Remove commercial fishing under a GLFAL from Gippsland Lakes by 1 April 2021;
- Provide compensation in respect of the cancellation of those licences.

PROGRAM ADMINISTRATOR

The Program Administrator is Rural Finance (Bendigo and Adelaide Bank). Rural Finance personnel are experienced in fishing industry adjustment schemes such as the Port Phillip Bay Commercial Netting Adjustment Program, Western Port Commercial Netting Licence Surrender and Relocation Program, the Rock Lobster Assistance Program, the Marine Parks Compensation Program and the Bay and Inlet Voluntary Licence Buyback Program.

APPROACH TO COMPENSATION

Division 6 of Part 8 of the *Fisheries Act 1995* provides for the cancellation of all GLFAL and to provide compensation in respect of the cancellation of those licences.

Individual compensation packages for licence surrender will be calculated at the start of the commencement of the program and licence holders will be provided with a compensation statement detailing their individual compensation payments. Licence holders will have a specified period to nominate when they will exit this fishery during the two-year period.

COMPENSATION PACKAGES

Compensation packages for GLFAL holders will consist of the following components:

- A. Compensation for the cancellation of the GLFAL based on a market valuation of \$371,000;
- B. An allowance of \$60,000 for the reduction in value of commercial fishing equipment following the prohibition of commercial fishing (noting that vessels and equipment continue to be the property of the licence holder); and
- C. an amount to provide compensation for loss of income based on three times the average annual catch value taken under the licence over the five-year period from 1 April 2012 to 31 March 2017 inclusive, utilising average fish species prices as provided in Schedule 5 of the Fisheries Act 1995.

An example of a compensation package for surrender is provided in Appendix 1.

The compensation package available in year two will reduce in value by 20% in recognition of the fact that licence holders are able to continue to generate an income while they remain in the fishery. A schedule of these payments will be provided to licence holders at the beginning of the program.

Please note that once a licence is surrendered and cancelled, the licence holder will be issued with a 12-month General Permit to allow the licence holder or operator to continue to lawfully possess commercial fishing equipment. This should provide sufficient time for fishers to sell or otherwise dispose of any commercial fishing equipment or nets they may possess. This permit will only allow the possession, not the use, of commercial equipment.

HOW TO ELECT TO SURRENDER A LICENCE

An election process will be held during which all holders of a GLFAL may elect to surrender their licence before 1 April 2020 and receive their individual compensation package.

On 27 December 2019, a notice was published in the Government Gazette that outlines the process for the nomination to exit the fishery and surrender the licence.

Licence holders will have 30 working days to elect in writing to surrender their licence before 1 April 2020. They may choose to make no formal decision to exit at this time. A copy of the Government Gazette notice and an Election Form has been supplied directly to licence holders to allow them to make this election (the form was mailed on 2 January 2020). This nomination must be made by 11 February 2020 and must include the name of the licence holder, the licence number and must be signed by the licence holder.

It is recommended that licence holders use the prepared forms for this process, as failure to provide the required information consistent with the requirements of the legislation may result in the Chief Executive Officer determining that your election is unsuccessful and not able to be processed.

A further election may be submitted by a licence holder who has received notification of an unsuccessful election.

If licence holders decide not to exit during the election process, their licence will be cancelled on 1 April 2021 and their compensation package will be reduced by 20%. The compensation amount due in that period will be paid to each remaining eligible fisher at that time.

ELECTION APPLICATIONS

Licence holders will be notified in writing within 28 days of receipt of application whether the election to surrender their licence was successful or unsuccessful.

Where an election is successful, licence holders will be notified that their licence will be cancelled on 1 April 2020. A payment notification form will be provided to licence holders so they can specify how they would like to receive their compensation payment.

Where an election is unsuccessful, licence holders will be notified and provided with an opportunity to make a further election to surrender their licence.

TAXATION IMPLICATIONS

Businesses that are registered for GST will be required to provide Rural Finance with a tax invoice prior to payment being made or alternatively agree to Rural Finance issuing a Recipient Created Tax Invoice.

Businesses that are not registered for GST will be required to provide Rural Finance with a standard invoice for payments which will be supplied at the appropriate time.

The government has received a class ruling on the tax implications of the compensation and adjustment packages. This information is included in the package of information provided to licence holders.

RURAL FINANCIAL COUNSELLING SERVICE

The Australian Government offers the Rural Financial Counselling Service (RFCS) which provides help for fishing enterprises and related small business owners requiring financial services or referrals to other support services (<http://www.agriculture.gov.au/ag-farmfood/drought/assistance/rural-financial-counselling-service>).

This is a free service with rural financial counsellors. Rural financial counsellors available to assist from the Bairnsdale office include:

- Michael Anderson 0447 035 835, michaela@rfcsvg.com.au;
- Peter Pauwels, 0437 529 055, peterp@rfcsvg.com.au; and
- Wayne Jefferis, 0429 991 956, waynej@rfcsvg.com.au.

We would encourage anyone who has concerns about their health, or the health of someone in the industry, to help the affected person make contact with a rural financial counsellor or doctor.

WHERE TO GET FURTHER INFORMATION AND AN APPLICATION FORM

You can get further information on the GLAP and relevant application forms from Rural Finance.

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CONFIDENTIALITY

The proceedings of Rural Finance and the information and/or documentation presented to it are confidential in accordance with the section 146 (Secrecy Provision) of the *Fisheries Act 1995*.

Personal information provided to Rural Finance by a fisher or about a fisher is also protected by the *Privacy and Data Protection Act 2014*. Access to it may be obtained in accordance with the provisions of the Act.

Appendix 1

An example of how to calculate a surrender package

Surrender package = A + B + C where:

For all licences

A = \$371,000 (the assessed market value of the licence)

B = \$60,000 (an allowance for reduction in value of commercial fishing equipment)

C will vary for each licence holder, depending on catch.

C = an amount to provide compensation for loss of income based on three times the annual catch value taken under the licence over the five-year period from 1 April 2012 to 31 March 2017 inclusive, utilising fish species prices as provided in Schedule 5 of the Fisheries Act 1995 (reproduced in Table 1).

Example - To calculate C for the following catch history:

Fishing year	Bream catch	Annual catch value for bream*	Dusky flathead catch	Annual catch value for dusky flathead*	Total catch value
2012/2013	1000kg	\$9,870	200kg	\$1,586	\$11,456
2013/2014	1000kg	\$9,870	200kg	\$1,586	\$11,456
2014/2015	500kg	\$4,935	100kg	\$793	\$5,728
2015/2016	500kg	\$4,935	100kg	\$793	\$5,728
2016/2017	500kg	\$4,935	100kg	\$793	\$5,728
5 year totals	3,500kg	\$34,545	700kg	\$5,551	\$40,096

* based on per kg value provided in the Fisheries Act 1995, reproduced here in Table 1 below

Average *annual* catch value = \$40,096 divided by 5 = \$8,019

C = average annual catch value multiplied by 3 = \$8,019 x 3 = **\$24,058**

Therefore, for this example, the total surrender package = A+B+C = \$371,000 + \$60,000 + \$24,058 = **\$455,058.**

Table 1 (as specified in Schedule 5 of the Fisheries Act 1995)

Column 1 Species	Column 2 Value/kg (\$)	Column 1 Species	Column 2 Value/kg (\$)
Anchovy, Australian (whitebait)	5.51	Crab, Blue Swimmer	10.13
Australian bass	4.26	Crab, European Shore	4.26
Australian herring	4.32	Crab, Other Unspecified	2.82
Australian salmon	1.34	Crab, sand	4.26
Australian Sardine (Pilchard)	4.20	Crab, Spider	2.53
Barracouta	0.73	Dory, Silver	2.72
Bream, black	9.87	Eel, longfin	4.33
Calamari, Southern (squid)	15.04	Eel, Unspecified	4.26

Column 1 Species	Column 2 Value/kg (\$)
Carp, European	4.26
Cod, Southern Rock	4.26
Cod, Unspecified	4.26
Flounder, greenback	4.26
Flounder, Unspecified	7.21
Garfish, river	6.65
Garfish, Southern (Sea)	3.58
Gudgeons	4.26
Gurnard perch, Common	4.26
Gurnard, Butterfly	4.26
Gurnard, Unspecified	4.26
Kingfish, Yellowtail	7.57
Latchet	1.64
Leatherjacket	1.45
Ling, Rock	4.26
Luderick	2.11
Mackerel, Blue	3.41
Mackerel, jack	1.24
Mackerel, Unspecified	4.26
Morwong, dusky	4.26
Mud crab (unspecified)	2.82
Mullet, sand	1.69
Mullet, sea	2.73
Mullet, yelloweye	6.95
Mulloway	6.21
Mussel, blue	2.31
Octopus	9.72
Perch, estuary	4.26
Perch, Unspecified	4.26
Pike, Unspecified	4.26
Prawn, Eastern King	18.70
Prawn, Eastern School	10.03
Prawn, Other (Unspecified)	3.81
Ray, Southern Eagle	2.17
Rays	1.32

Column 1 Species	Column 2 Value/kg (\$)
Flathead, dusky	7.93
Flathead, southern sand	3.16
Flathead, Unspecified	6.27
Sandworms	4.26
Sea Carp, Southern	4.26
Shark, angel	2.23
Shark, Elephant	4.26
Shark, gummy	6.29
Shark, Other (Unspecified)	4.26
Shark, Thresher	1.29
Shellbait	4.26
Shrimp bait	4.26
Shrimp, Ghost	4.26
Skates and Rays, Other	1.32
Snapper	7.87
Snook	6.41
Sole, Unspecified	4.26
Sprat (Unspecified)	4.26
Sprat, Blue	4.26
Squid, Goulds	2.93
Tailor	6.30
Trevalla, Spotted	2.30
Trevally, silver	5.05
Trout, brown	4.26
Trout, rainbow	5.00
Tuna, Unspecified	4.26
Warehou, blue	4.26
Whiting, blue weed	12.21
Whiting, King George	17.18
Whiting, Sand	12.21
Whiting, school	3.32
Whiting, Unspecified	4.26
Wrasse, blue throat	8.52
Wrasse, Unspecified	4.26
All other species	4.26