

FISHERIES COMMITTEE

OPEN MINUTES

Fisheries Department
Thursday, 5th December 2019
09:00am

These minutes are draft minutes until confirmed by resolution at the next meeting of this committee

Present:	The Honourable Teslyn Barkman– Chairperson	TB
	The Honourable Ian Hansen	IH
	Director of Natural Resources – Andrea Clausen	DNR
	Dr Alexander Arkhipkin	AA
	Chief Executive- Mr Barry Rowland	CE
	Mr. Drew Irvine	DI
	Mr. Stuart Wallace	SW
	Mr. Lewis Clifton	LC
	Mr. Hamish Wylie	HW
	Ms. Veronica Iriarte	VI

Minute Taker:	Mrs Beverley Glanville	BG
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Public: 9

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| 1 | Apologies for Absence | ACTION |
| 1.1 | Capt. Christopher Locke & Mr. Jonathan Poynter. | |
| 2 | Declarations of Interest | |
| 2.1 | Industry representatives declared an interest for all items on the agenda. HW declared an interest in Item 9. LC declared a particular interest in items 7 and 8. | |
| 3 | Confirmation of the Minutes of the Meeting held on 5th September 2019. | |
| 3.1 | Item 5.4 TB noticed a typo should say “prey” not “pray”. All other minutes were confirmed. | BG |
| 3.2 | The remainder of the minutes were confirmed. | |
| 4 | Matters arising from the Minutes held on the 5th September 2019. | |

- 4.1** Item 4.1 –DNR confirmed that on Search and Rescue (SAR) paper went to ExCo in October. The recommendations were approved and now more work will be done to see about extending the convention.
- 4.2** Item 5.3- DNR said that we are still waiting on our acoustic data from the Southern Blue whiting cruise.
- 4.3** Item 5.4 – AA mentioned that we have another PhD student funded by the industry, for which is highly commended. Tobias Büring will be looking ecological role and connections with the two species on Loligo (*Doryteuthis gahi*), spawning in the autumn and spring and both appearing in the north and south of the zone. AA asked if the industry would like the project details for Tobias, SW indicated that he would like FIFCA to receive a copy. AA
- 4.4** Item 6.4- DNR would like to thank the industry for the feedback and the final version 3 of the licensing advice notice, which took into account the comments and made the changes regarding the A & G licences. The VU were included as requested.

5 Fishery Update

- 5.1** TB would like to welcome Andrea on her first committee as director.
- 5.2** DNR gave a brief update on the fishery.
- 5.3** DNR explained that temporary repairs to FIPASS have been completed. At the moment we are getting detailed permanent plans in place, a PWD project manager will project manage the permanent repairs. We are working with the legal team, insurers and vessel owners to keep everyone informed.

DNR said that Chris Locke is back in the Islands and recovering, we would like to wish Chris a speedy recovery. We have secured acting Harbour Master/Marine Officer Malcolm Jamieson, who is available to help if we need help in that area. The committee would like to wish John Barton well.

- 5.4** DNR mentioned that we continuing to work on the new maritime model in conjunction with Pam Trevillion at DESIS. The new Programme Director, Daniel Wood, will be arriving in a couple of weeks and he will report directly to the Director of DESIS. DNR and DESIS will be work together to put in place the structures that are needed to properly develop the Maritime Authority. Derrick Thorrington, our Maritime surveyor is visiting from the 30th January until the 18th February 2020 to overlap with the Red Ensign conference, and to carry out inspections on Jiggers. Our Licensing officer and Assistant Marine Officer will be working with the operators to produce a programme of vessel inspections.
- 5.5** DNR reported that an Invitation to Tender process to undertake a detailed review of Finfish Fisheries science and management, this closed on the 4th December. The tender board will be meeting on the 6th December to discuss the tenders, it is expected that we will have a full report by May 2020. After which there will be a process of digesting the recommendations and developing a plan, before taking it to the industry to discuss what potential actions we may take and what potential implications there may be.
- 5.6** SW welcomed Andrea into Committee and he and the industry hope they have a long, happy and productive relationship and they look forward to working with her.
- 5.7** SW welcomes the stability that has been provided from the Review of ITQ, in particular the opportunity to extend the period of ITQ access, and to remove the uncertainty. SW added that is gives the industry the opportunity to take up and enhance their own security and develop confidence in the sector, which is operating in a volatile fishing industry. SW said that the industry felt that their relationship with the government was proactive and positive throughout this experience and thought this has shown by example, that difficult matters can be addressed.

5.8 SW addressed some concerns the industry had over the ITQ fees increases. SW said that the confidence that the industry developed in the ITQ Review process had been destroyed by the following decision on license fees levels. SW went over the schedule of events that they recall:

- 1st May 2019 - FIFCA had a clear statement from the Chief Executive that the MLA's wanted to extract £20 Million from the sector over 5 years and that it was political decision and was non-negotiable.
- 13th May 2019 - FIFCA met with the Director of Policy and the Economic Policy Advisor regarding a paper produced by the Policy unit. The presentation was titled "Potential impacts to the Falkland Islands' fishing industry profitability at various fee and tariff levels" it stated that this analysis is not meant to represent a long term forecast of the fishing industry's turn-over and profitability. It is not possible to realistically forecast these variances with confidence in the medium to long term, as the Fishing industry's turn-over, expenditure and profitability depend on a number of highly volatile and uncertain variables, including, but not limited to:

1. Catch
2. International prices for fish products
3. Exchange rates
4. Outcomes of Brexit
5. Potential import tariffs set by EU Members states
6. Cost structure of Fishing Co's, including work force and oil prices
7. There are fishing industry management issues such as reflagging, development of the relationship between the Falkland Islands and Spanish partners into the joint ventures.
8. Investment decisions by fishing companies
9. The availability of new exports markets.

SW added that as part of the environment that the FIG are creating for the fishing industry they are paying \$150- \$200 a tonne more for their fuel in Stanley Harbour than companies pay 12 miles out.

- 14th May - The report that was spoken about on the 13th May was received from Economic Policy Advisor.
- 5th June- FIFCA receive an updated report from 28 pages to 54 pages.
- 6th June 2019 -The presentation that was introduced to FIFCA prior to the Fisheries Committee, by the Economic Policy Advisor and all the MLA's, it said "therefore this analysis is only meant to represent a comparison of a

number of different scenarios, which are all based on the same set of assumptions with respect to catch, export prices and the industries expenditure". This analysis did this with respect to whether the EU will levy WTO import tariffs following a no deal Brexit and whether and by how much ITQ fishing licences will be increased. This analysis looks to the aggregate industry only, any consideration on the profitability of the individual Falkland Islands fishing companies following an increase in licence fees would need to be thoroughly assessed. It cannot be based on this analysis only, which looks to aggregate turnover, expenditure and profit margin of the fishing industry as a whole, as an increase in licence fees might have a different impact on every fishing company. The MLA's denied their aim was to extract £20M from the fishing industry. They believed that the extraction could be affordable and any decision would be evidence based. SW explained that FIFCA undertook a great deal of work including commissioning a comprehensive report from one of the largest consultancy firms in the world, KPMG. This with its conclusions was presented to government; no formal response has been received since. SW recalled that the Portfolio holder for Natural Resources would not have a meeting with FIFCA, unless accompanied by all other MLA's. TB pointed out that this wasn't the case as she had been out of the country.

- After about 3 weeks FIG Chief Executive advised the FIFCA chairman that he had been authorised by the MLA's to inform the industry that the fees will be increased by 50%.
- In early November a meeting between the FIFCA board and MLA's, with the Chief Executive, the Director of Natural Resources present. The DNR showed some slides which centred on the estimates of profitability and indicated that ExCo would be imposing the increase of 50%.
- SW expressed that there was still no written/ formal response to the FIFCA input. Some comments from officials to say that the base figures are the same, but this was no surprise. But still no reply, addressing the concerns from the KPMG report that FIFCA had commissioned, or the fact the FIG are already are projected to extract up to 46% of the sector profit and this increase in fees, that will rise to 54%. SW recalled that the paper stated that it is considered the options set are sustainable but will need monitoring; this will be an annual process. It went on to say that there are a number of significant risks, if financial economic conditions worsen then the issue may need revisiting and mitigation measures considered. The Fishing industry will need funding and access to capital in order for them to implement their side of the accord. This FIG paper was prepared and written weeks after the MLA's had politically declared what

they wanted out of it. SW believes that the ExCo paper was almost entirely centred on the Policy Dept report and mostly deals with the profitability of companies, it's clear that the MLA's have simply looked at the last 3 years of good performance of the fishery and ignored the fees and taxes that the industry already contribute to our economy. SW stated that in a normal year the fishing companies could be losing money before the product ever reaches the market and even worse if the catches were even lower. SW asked TB as the portfolio holder what were her thoughts on Executive Councils' decision and the motivation for it.

- 5.9** TB formally thanked FIG and FIFCA for the warm response on the ITQ review paper. TB stated that with the ITQ fees, there was an anecdotal claim of an announcement for £20M and is happy to confirm that FIG rightly said at the time, that this had not been agreed nor was it a policy. TB confirmed the disclaimers that FIFCA have noted on the back of the Policy Units' economic analysis, the caveats were all reflected within the Executive Council paper. The caveats have been reinforced whenever the paper has been discussed by all Members. TB explained that there are always risks, when it comes to a product to market relationship industry, but it is clear that we have not been using that relationship to drive the decision of where we set access fees. TB stated that the 10% rule, is acknowledged by all as irrelevant. All industry representations were appended to the Executive Council paper, including the KPMG report, as despite it being received just a few days before the paper was submitted, it was to be shared as it was very relevant & therefore fully absorbed within the paper. The ITQ fees have always been reviewed annually as stated in the Fisheries Ordinance and this will be continued. TB confirmed that although historically the lowering of fees has not happened, in future years this will change as we have made a clear commitment for the fee level to be set based on evidence and further there is a commitment to not increase the fees for the remainder of this Assembly. TB stated that this will give the industry a period of security to absorb the shock, and to allow investment within the industry to progress.
- 5.10** SW stated that the explanation was woeful and considered nothing more than the profitability and decision to take more. SW added that the return to the community is already 46% and with the new increase in ITQ fees this will now be 54%.
- 5.11** DI referred to the KPMG report and how it was incorporated; he felt it had completely ignored the point of return on capital. The ITQ paper doesn't have any reference to return on capital and is focused on profits in absolute terms. DI stated this cannot be done without taking levels of investment into account.

5.12 TB said that the ITQ access paper is very much designed using evidence from all areas, in all cases. And that the MLA's decided to set the access fee levels for 2020 only and not into the future. DNR clarified that the Return on Capital information is included in the ExCo paper, but it is redacted, on the basis that it was provided in confidence. TB asked SW if they would like an official response to the KPMG report then this can be done, SW would like this.

TB

5.13 LC asked if TB could relate to him the 5% decrease in fees and the 12% decrease in fishing effort for restricted finfish. TB replied work is to be done on the Finfish science review, by the Fisheries Department as Finfish and Skate catches are on a downward trend. DNR said that she recalls that the recommendation took into account the substantial Hake bycatch taken by restricted finfish license holders, but it is hoped that following the results from the Finfish review, we will have a better approach.

5.14 SW quoted from Item 2 of the Accord, "both parties agreed to advocate for and support an external peer review of the state of Fisheries Science in the Falkland Islands, leading to the production of data and research it needs in this report, so that the industry, FIG and the community can all be assured that scientific best practice and the best available information has been used to manage fish stocks. Any such reviews would need to be considered and commissioned by the Fisheries Committee following adequate consultation between FIFCA and the FIFD. Reviewed reports and findings would be presented to the Fisheries Committee. SW stated concerns about what such a project is going to produce, and that the industry was confused when they found out that above process of consultation had not happened. The terms of reference within the Invitation to Tender were much wider than then had been recommended by the Terra Mona report. TB said that in terms of the scientific review, it must be science based and those principles have been outlined by the department. DNR added that the invitation to tender was issued as she was starting, but understands that this independent review of the management and science conducted in our Finish Fishery is very internal to the department paying particular attention to our stock assessment and subsequent management. It is to make sure that we as a department have the right resources in place in order to deliver a well-managed finfish fishery. The external consultants will work closely with the Fisheries Department. Following the completion of this review, DNR intends to discuss the final report with the industry and will then develop an action plan based on what is appropriate for our department and the industry.

5.15 CE requested that industry be advised during the final stages of appointing consultants.

- 5.16** SW asked why the Invitation to Tender didn't come to the Fisheries Committee first, DNR said it was possibly decided that we should get on with it in a timely manner especially as it had been agreed in principle, although noted that the ToR are wider than stated in the ITQ Review paper. SW said that this is not good enough, it was agreed that it would come through the committee but welcomes another meeting to discuss the review.
- 5.17** DI mentioned that the Illex license fee also paper didn't go through the Fisheries Committee, DNR said that when she spoke to John Barton about this, he said that he tries to get the illex paper to committee in a timely manner, but sometimes misses the September meeting. Every effort will be made to have these papers considered by the Fisheries Committee in the future.

6 Skate Research cruise

- 6.1** AA gave a brief report of the Skate survey. He said that that cruise report had not yet been completed, but will be completed and distributed in the next couple of weeks, this will also be presented at the next Fisheries Committee.
- 6.2** HW asked if the southern half of the zone had been assessed, AA confirmed that unfortunately there wasn't enough time. AA said that a proper study of this area could be carried out next time, but this area is for specialized trawls only. HW asked if there is strong evidence that the southern area feeds stock into the Northern area. AA replied that it looked like that was the case but, also some stake might be coming from Argentine waters.

7 Finfish SED trials

- 7.1** VI gave a presentation on Finfish SED trials. VI explained how there are a lot of things to try and would like to thank the industry, the Captains and Chief officers for their input and help doing the trials and hopes that they can continue working in conjunction to trail the ideas.

8 Proposal for carrying out finfish SED trials

- 8.1** TB asked if there are any discussions to be had on the proposal for carrying out finfish SED trials. SW asked if the next stage was another cruise, VI said that she had been talking with Michael Poole at Fortuna about the possibility of going out on a vessel if Fortuna were to use some of their "S" effort, in order to try some other ideas to make fishing easier for those fishing inside the compulsory SED area. VI is inviting companies to get in touch with her if they would like to get involved in the SED trails in October 2020.

8.2 LC asked why the trial will be at the end of the Loligo 2nd season 2020, when there is an increasing quantity of finfish, AA said that we will have a look at the options for timing. VI stated that the results of the trials will be much clearer if there is finfish about to catch.

9 Mitigation of seabird net-related mortalities: proposal for net binding trials

9.1 VI presented the net binding paper. SW said that the industry have spent an enormous amount of money on mitigating sea-bird mortalities already. VI explained how they have solved the issues with the cables and now it is net mortalities. VI would like to trial the net binding that are used in CCAMLR waters for pelagic trawling, in the bottom trawling operation in the Falklands. VI would like the industry to contact their Spanish partners to see if any of the 3 companies that provide nets to the vessels would like to go into partnership with us to develop net material that would minimise the changing of the shape in the mesh and the weight of the nets which is heavier, would sink faster and so be less available to the birds. If this is successful the companies could patent the design to make it more profitable for them. VI welcomes a response from the industry if there are any companies that would like to fabricate this and the department will organise everything. SW said that the industry will think about it, HW would like more work to be done on the unintended consequences, as with heavier nets there will be more fuel usage which will give a higher carbon footprint.

9.2 VI stated that we must change with the birds, as their behavior is consistently changing. AA said the main message is that batch discard doesn't prevent 100% bird mortalities, but it does decrease bird mortalities and the investment if justified in doing so. AA said that net interactions are the main killer of the birds and the main purpose to stop this from happening would be to prevent the net from spreading until it is under the surface. DI asked what is the objective, as we cannot completely stop bird mortality, TB said that as the habit adapts we have to adapt with it, to keep ahead of that adaptation and to keep a relevant and reputable fishery. DNR said under ACAP we have obligations and she will look at these and that DNR would work to ensure that our approach is balanced.

DNR

9.3 HW would like a target set. VI said that it is good to set an example that we are trying to decrease bird mortality. TB asked to draw attention to the ITQ review and the fishery accord which outlines some of these principles as to how we should engage. The industry would like it to be agreed what is negligible.

9.4 LC asked if we are spending the money on a solution that is to fix the problem globally, DNR said that that a global solution is not the main driver, our driver is evidence from our own fishery. Of course a potential solution for the Falkland Fishery may provide a downstream benefit for others, if our solution is a sensible, practical, relatively cheap and industry accepted solution then it could be exported globally.

7 Date of next meeting

7.1 The date of the next meeting is 3rd March 2020 at 09:00.

No Part 2.

Minutes confirmed this day of 2019.

Chairman

Secretary