

**Sustainable Access to Inshore
Fisheries (SAIF) Project**

**Reform of the English Inshore Fishing
Fleet**

**Full Government Response to the SAIF
Advisory Group's Recommendations**

April 2011

Sustainable Access to Inshore Fisheries (SAIF)

I have today launched a consultation detailing proposals for fisheries management reform in England. These seek to secure a more sustainable future for the fishing fleet as a whole and specifically address the issues facing the English under-10m fleet. The work conducted by the SAIF Advisory Group, various research projects and discussions with an informal industry working group, have all made a vital contribution to this work.

This full Government response includes further views on the main recommendations of the SAIF Advisory Group, which were published in September 2010. It supplements the initial Government response that was issued at the same time. I would once again like to thank the members of the Group for the hard work that they put into finding a way forward and their contribution to this important debate.

I look forward to receiving feedback from industry and other stakeholders to help us shape the final package of measures for English fisheries management reform, which we will be seeking to implement from 2012. I have said before that tweaking around the edges of our system will not be enough – we have needed to make bold and radical proposals, and continue to push an ambitious agenda in Europe for Common Fisheries Reform. It is only by being bold, and working in partnership with all parts of industry and the many other people with an interest in fisheries, that we will secure a sustainable future for our seas.

A handwritten signature in blue ink that reads "Richard Benyon." The signature is written in a cursive style with a period at the end.

RICHARD BENYON

FULL GOVERNMENT RESPONSE

1. General Principles

- 1.1. Defra agrees with the Advisory Group that artificial boundaries do not contribute to sustainable fisheries management, and that a unified regime should be a key element of reform. The current division within the fleet based on vessel length contributes to inefficient use of resources, where opportunities are sometimes tied up in one sector and therefore not easily transferred to another. This leads to pressure on Government to intervene and micro-manage an already highly regulated industry. Under-10m fishermen do not have the flexibility to manage their own businesses in an economically viable way. We would like to see a more unified regime implemented in England and have published proposals for consultation that seek to achieve that, using community quota models to safeguard and promote socially and environmentally beneficial forms of fishing. We also continue to argue, in our discussions on Common Fisheries Policy (CFP) reform, for a single regime that encourages responsible fishing across all parts of the fleet and empowers fishermen to play a central role in fisheries management.
- 1.2. The Marine Management Organisation (MMO) is the public body in England charged with quota management responsibilities. The MMO is continuing to improve stakeholder engagement with the fishing industry, both through the national representative organisations and at a local level. For example, on-line surveys and a dedicated email contact point allow individuals to contribute information which can assist in maximising quota opportunities for the under-10m fleet. Additionally regular regional engagement with the under-10m fleet enables the MMO to tailor quota management arrangements to local needs where possible. The MMO is also working with Defra and other marine delivery partners in a review across the marine delivery landscape. The aim of this review, which will be completed soon, is to look at the scope for improving joint working, collaboration and identifying efficiencies within current structures.
- 1.3. Fishermen must be empowered to have greater involvement in fisheries management, something that we have seen beginning to develop through the quota management role of our Producer Organisations (POs). Through CFP reform we are calling for more regional decision making, allowing those closest to fisheries to develop and agree more effective measures. Integrating under-10m vessels will allow this to grow, and changes to quota management rules should provide additional levers for industry to further empower them to manage their own members. The recent launch of Inshore Fisheries Conservation Authorities (IFCAs) has put greater power of regulation and management with those who have a stake in the local inshore fisheries. In addition, the proposals for consultation take steps towards the allocation of more stable fishing opportunities which in itself can help encourage self-policing by incentivising those engaged in fishing to manage their activities sustainably.
- 1.4. As stated in the initial Government response, the European Fisheries Fund (EFF) provides a key source of funding for the fishing industry. In November 2010 the Government launched an Innovation Fund for the under-10m fleet in England, specifically targeting projects that demonstrated innovation,

including in diversification. Applications received for the Innovation fund include safety systems directed at the Under 10m fleet and particularly lone fishermen; the holding of live wild fish to optimise sales value; a simulator to encourage fishermen to take training to be safer and more effective skippers; and an inshore fisheries advisory panel to ensure the under 10m fleet have an effective voice. [There are no plans to develop a fishing retirement scheme, as we believe that public funding is likely to have a greater benefit if directed at measures that support and secure a more sustainable future for the active fleet. However, the proposals to allocate individual Fixed Quota Allocations (FQAs) across the English fleet will provide fishermen with a mechanism to make choices about their future, be that continuing to fish or selling their rights to exit the industry.

2. Quota Management

- 2.1. Government has today published proposals for consultation which include allocating FQAs to the highest catching vessels in the English under-10m fleet, moving them out of the pool as a first step towards allocating individual rights to the whole fleet. The proposals also extend to the non-sector, with the aim that the pools operating for these two fleets in England will be dissolved at the end of 2012. For more information see the consultation documents at [add link].
- 2.2. Analysis has shown that the value of quota currently available to the active under-10m fleet is sufficient for economic viability for a proportion of that fleet. However, its distribution, availability over the course of the year, variable popularity across different stocks and role as part of a mixed fishery, make it difficult for the fleet to fully exploit that value. It is also true that a significant quantity of quota remains un-fished in parts of the wider fleet year on year. This includes some very high value stocks of great importance to small scale boats (e.g. sole). As part of the proposals published today, Government has suggested a limited, one-off re-allocation of fishing opportunities focussed on FQAs attached to English licences that are associated with consistently under-fished quota and a small redistribution of other key FQAs from the English Sector to the under-10m fleet.
- 2.3. Post 2012, the Government has suggested that individual rights, in the form of FQAs, be allocated to all active under-10m vessel businesses in England. These will have the same tradeability that is currently enjoyed by Producer Organisations and their members (both for sale and lease). The FQAs obtained through the limited reallocation exercise (2.2) could be used to underpin the creation of community quota schemes, and only be swappable within the community network, in order to protect the associated fleets. It is also proposed that an electronic register of FQAs be established to increase transparency of FQA holdings, with potential over time for this to transform into a trading platform, to increase flexibility for the industry - something the Devolved Administrations are also interested in and discussions are ongoing about the potential for a UK wide system.
- 2.4. In the short term it is proposed that we have a phased approach starting with only the highest catching vessels in the under-10m fleet allocated individual FQAs, giving them the freedom to fish independently or to join a PO. Those remaining vessels will continue to operate in the under-10m pool until 2013, or have the option of taking an FQA allocation now. In the interim, Government

will provide support to establish community quota schemes (in the form of POs, Community Interest Companies, Co-Operatives, etc.), depending on the preferences of the local communities where these vessels operate. Support provided could be in the form of 'foundation quota' as described above, or EFF funding. A set of guiding principles will help businesses to make decisions about where their future lies, but will allow local communities the flexibility to identify what important features they wish to protect. This may see some businesses with over-10m vessels opting to join the small-scale fleet due to the nature of their business, along with under-10m vessel businesses leaving the small scale fleet.

- 2.5. Safeguards will prevent the concentration of fishing rights. For example, it is proposed that a one-way valve is introduced at least initially to prevent small-scale fishing rights from being absorbed into the large scale fleet. The continuing need for this safeguard would be reviewed once the new system had embedded.
- 2.6. Since the establishment of the informal industry working group on fisheries reform, there has been an increase in additional fishing opportunities to the under-10m fleet via swaps (including preferential rates in some cases), gifts and leasing, provided by some parts of the Sector. The Government is grateful for the commitment shown to supporting the English under-10m fleet in the short term, and to developing long term solutions. We expect, and are encouraging, this to continue in the run-up to implementing reform policies. A summary of species that have been donated to the under-10m fleet from producer organisations can be found at http://www.marinemanagement.org.uk/fisheries/management/documents/quotas/swaps_summary.pdf.

3. Fisheries Management

- 3.1. The 1st of April 2011 saw the formal creation of Inshore Fisheries and Conservation Authorities (IFCAs). Their duties are set out by the Marine and Coastal Access Act 2009 and include the management of inshore fisheries in a sustainable way, the protection of marine conservation zones, and the making of byelaws to protect fisheries and conservation aims of the area. IFCAs very much embody the Government's localism agenda and they will have local powers to manage fisheries; however, they will not specifically be delegated quota management responsibilities. Instead, this will fall to POs (for their members) and community quota models which IFCAs may be appointed to oversee, dependent on the needs of the local community.
- 3.2. Regardless of the approach adopted by communities, all these bodies will need to work closely in order to ensure that inshore fisheries are managed in the most sustainable way. Indeed, there are specific provisions in the Marine and Coastal Access Act 2009 that place a duty on IFCAs to co-operate with public authorities in the context of regulating activities carried out on, or in any part of the sea lying within their districts. National Memoranda of Understanding (MOUs) are also being signed with the Environment Agency, Natural England and IFCAs to ensure shared management plans are in place.
- 3.3. The process to reform the CFP is underway, and we are pressing for radical changes - to simplify and decentralise decision making, moving away from the micro-management that ties the hands of fishermen. Although there are no

proposals at present to change fisheries access arrangements in the 0-12nm area as part of this reform process, we will continue to support retention of these existing nautical fisheries management limits and, in addition, press strongly for a decentralised CFP that allows Member States to agree the measures appropriate for their fisheries.

- 3.4. We will also be seeking to enable individual Member States to manage marine resources more effectively through better integration of fisheries management with other marine policies. With that in mind we will be seeking changes that enable Member States to develop and implement measures to manage marine ecosystems more efficiently beyond the 6 nm limit.
- 3.5. As set out in the Government's initial response, the facility already exists to transfer eligibility for the 'days at sea' regimes from vessel to vessel. We are also exploring the possibility of allowing these 'entitlements' to be combined on a single vessel – thus increasing the number of days available to individual vessels.

4. Data Collection & Science

- 4.1. We are currently undertaking work with the industry to better clarify the future role of POs. Government are looking to update the basic criteria by which POs should operate e.g. in collating data to improve fisheries science, and marketing initiatives, such as promoting membership of the Responsible Fishing Scheme. It is thought that POs should also take a more active role in helping to improve sustainable harvesting, for instance, considering ways to incentivise their members to reduce discards. This will be examined through reform of the Common Markets Organisation Regulation.
- 4.2. By the end of 2011, all English fishing vessels over 12metres will be recording and reporting their catches electronically as required under the Control Regulation and all vessels will be receiving notice of their licence variations electronically. Data on catches will be obtained from those vessels participating in the catch quota scheme which is being expanded in 2011. The scheme is open to the under-10m fleet if they are members of a PO. For those not in a PO, we are looking at a technology trial to investigate the potential for Remote Electronic Monitoring equipment to be used on smaller vessels, and using the information from these and other projects to influence CFP reform. We are also undertaking a review of Producer Organisations as part of the wider CMO reform measures which will look at options to improve the accountability/transparency of their quota management activities and consider the need for improvements in monitoring and data collection.

5. Other Issues

- 5.1. The incentive for fishermen to catch biologically sustainable fish is significantly diminished if markets are not set up to reward them. The ultimate goal of fishermen and fisheries managers is to secure the long term health of the resource on which they depend and get maximum benefit from it. Without a drive to better understand markets for fish and consumer behaviour we will not achieve the maximum benefits of this valuable resource. With this in mind, Defra commissioned a research project called 'Fishing for the Market' which

includes work to review the strengths and weaknesses of current fish market operations, identify best practice and areas for improvement. It also includes work to explore the business development and marketing skills needed to get a greater diversity of species to market.

- 5.2. It is already possible for under-10m vessels to pay a small fee to some POs for political representation and an advice function, rather than paying the full fee for quota management. We are keen to hear views on the role POs could play in providing administration of community quota schemes/models and other expertise to support community quota groups, through the public consultation launched today.
- 5.3. So far discussions with industry have not indicated much appetite for pursuing schemes to encourage new entrants into the industry. Given the current lack of industry buy-in, we will look again at what incentives the Government and Industry can provide once we have a clearer picture of the final proposals for fisheries management reform. We will also engage with Devolved Administrations and other Member States to see if any ideas or schemes they have operated could be implemented in England. Of course, securing a sustainable future for the industry is likely to offer the greatest incentive for new entrants who will be able to see a future livelihood in fishing.
- 5.4. We agree that we need to improve our knowledge of the activities of recreational fishermen. We will shortly begin collecting data on recreational activity in relation to certain key stocks, based on sampling plans, in accordance with the requirements of the Data Collection Framework and Control Regulations. If those data indicate that recreational activity is having a significant impact on stocks subject to EU recovery plans, our preference would be to work with the angling sector to develop precautionary measures to remove the need for any European intervention.

6. Conclusions

- 6.1. Securing a sustainable future for the English fishing fleet is a top priority, and the convergence of so many opportunities for change gives us a unique chance to make it a reality. There is no question that this will be difficult – there is no single answer and no option that will satisfy every stakeholder, but retaining the status quo is simply not an option.
- 6.2. The Government remains extremely grateful to the Advisory Group for their work and their recommendations. As this full response demonstrates, this has provided a vital foundation upon which to build policy, including the fisheries management reform proposals published today for consultation. We welcome their continued interest and engagement in this work and hope that the developing proposals demonstrate a heartening record of the progress being made.

ANNEX 1: Initial Advisory Group Recommendations

General Principles

- 1.1. The principles for reform should not dwell on drawing artificial boundaries between parts of the fleet across the English fishing industry, as seen in the current Under-10m/Over 10m definitions. Instead, it should focus on the scale of operations and delivering simple and cost effective management through a unified quota system, with protection for the small-scale/inshore industry through community quotas combined with local management arrangements to ensure sustainable and viable inshore fisheries.
- 1.2. Steps should be taken rapidly to reduce the number of public and semi-public bodies involved in marine management at national level, and to reduce their overall cost in order to free up resources for local management. In particular, given the very high level of enforcement costs relative to the turnover of the industry, the MMO should be set turnover related targets for reducing enforcement costs across all bodies. In order to do so, there would need to be a better understanding of an appropriate ratio of fishing income to management costs.
- 1.3. Government should follow the principle that self-regulation is always likely to be the most effective regulation, so long as the structure of incentive and penalty is right. They should aim increasingly to recover enforcement costs through a combination of fees paid and very substantial charges (not fines) incurred for breaches of fisheries rules.
- 1.4. The Government should consider giving incentives and grants to fishermen who wish to diversify or set up businesses outside the industry, or to provide a retirement pension of some form to facilitate exit from the industry. Elements of this would be a potentially valuable use of the EU Fisheries Fund¹.

Quota Management

- 1.5. Government should make arrangements for under 10m vessel owners with uncapped licences to enter Producer Organisations, by attaching to individual vessel licences FQAs from the existing pool, consistent with their current or average recent catch records. This action should also be considered for the non-sector over 10m vessels.
- 1.6. It is recognised that such an amount of quota is likely to be inadequate to support an active vessel. Government should, as a priority, discuss with all parts of industry what mechanisms could be used to facilitate transition. Mechanisms must be introduced which enable under 10m vessel owners to gain access to sufficient fishing rights to facilitate the move. Options include deferred purchase arrangements; soft loans; European Fisheries Fund (EFF); and PO support mechanisms. As it is recognised that the total current fishing opportunity is not large enough to support all under 10m vessels, it is expected that some owners would decide to sell newly allocated quota units and exit the industry. Therefore, it must be possible for vessel owners to trade these FQA units among other under 10m vessels so that those vessels remaining can access an appropriate size of fishing opportunity.

¹ More information about the European Fisheries Fund can be found at <http://www.marinemanagement.org.uk/fisheries/grants/index.htm>

- 1.7. In joining the Sector, owners of these vessels must be able to enjoy all of the flexibility and autonomy that comes with greater control over access rights and tradability with industry colleagues.
- 1.8. Owners whose businesses are small, and not operating at a level compatible with traditional PO membership, should be safeguarded within the same regime either through membership of a community quota scheme for quota species, or a local management regime for non-quota species.
- 1.9. In this respect, safeguards should also be built in to prevent all FQAs from being bought out by larger operators, similar to that seen in the Danish system. Further work should be conducted to determine the best way forward in this respect, recognising the active discussions across the EU as part of the CFP reform process. In particular, if a single regime is established, in which larger under 10m businesses join POs and have FQA units, Government needs to ensure that sufficient community quota remains available under local management (preferably through the POs) to enable smaller under 10m fishing businesses (artisanal fishermen in EU language) to continue and prosper.
- 1.10. In the meantime, the main representative bodies from industry (including the National Federation of Fishermen's Organisations [NFFO] and UK Association of Fish Producer Organisations [UKAFPO]) and MMO should consider what short term support can be offered to the inshore fleet to address immediate problems and what transitional support can be provided to facilitate reform. An under-10m fishermen's association (e.g. NUTFA) should attend the NFFO Board to help bridge the gap between the two sectors.

Fisheries Management

- 1.11. The Government should set up arrangements for the MMO to devolve its local management responsibilities. The Group recommends this role be assigned to Inshore Fisheries and Conservation Authorities (IFCAs) on a performance basis. The powers to do this already exist.
- 1.12. Using the IFCA model, local inshore fisheries boundaries based on individual IFCAs or groups of IFCAs should be established. These IFCAs should secure devolved rights of management as soon as satisfactory arrangements can be set up. The Government should consider limited short term funding to enable testing of local fisheries management, to start quickly in this financial year. The MMO could retain the power to withdraw the delegation of fisheries management in the event of unsatisfactory performance, and clear performance criteria (based on the approval of fisheries management plans and their delivery) should be established.
- 1.13. IFCAs with these responsibilities would be expected to undertake fisheries management of both quota and non-quota stocks within the 12 mile limit. In order to achieve this, Defra should lobby Europe, via the CFP reform process, with the aim of achieving full member state control of all vessels fishing in the English 0-12 mile limit.
- 1.14. The aim and purpose of IFCAs should be to ensure that, in their area, fishing activity is carried on in a manner and to an extent that allows the fishing businesses to be profitable on a long term basis, both relying upon and helping to ensure sustainable annual fish harvest from healthy stocks. This means they will have to take account of allocation of the total fishing opportunity among those who want to fish. It is suggested that they do this in a flexible manner which enables fishermen to decide what size and type of vessel and gear is appropriate to exploit the fishing opportunity allocated to them.

- 1.15. IFCA will also need to collaborate with other agencies in relation to migratory fish stocks and nomadic fishing vessels. Where satisfactory arrangements can be made, the operational management of quota stocks might lie with a PO, as a body well placed to engage at national and European levels on quota issues.
- 1.16. IFCA should be the platform to enable local/regional co-management of fisheries. This does not mean that IFCA should simply engage with their local industry stakeholders. Rather, it means that vessel owners must be an active and integral part of the management process so that there is a high level of 'ownership' of the local management regime.
- 1.17. Cooperation, agreement and collaboration should be preferred to use of statutory powers where possible. Indeed, we have recommended a role for IFCA with some hesitation. On the one hand, we believe that local management is essential. On the other, we believe that IFCA as currently constituted are likely to be cumbersome, and have management boards that are too large, and represent too many interests, to provide the rapid and flexible responses which are needed for regulation of a currently vulnerable industry. In devolving responsibility, therefore, the MMO should take account of the efficiency and effectiveness of the management and regulatory arrangements proposed, and the degree to which industry itself is a part of these arrangements.
- 1.18. If necessary, the IFCA should be able to require all boats, over or under 10 metres, British or foreign, regardless of historic rights, to obtain a local permit for fishing within the designated area, and such permits, which may be charged for to defray local costs, shall include controls appropriate to the management plan for the designated area. They should aim to achieve the maximum sustainable yield from the sea in their areas, and set local fisheries management rules appropriately. They should have the authority to restrict access to the fisheries in their area and allocate fishing rights in the manner agreed by their own membership, and by the local industry. They should also have responsibility and authority for applying proportionate penalties for breaches, including withdrawal of the permit to fish.
- 1.19. IFCA, working with industry, should also be able to exempt from certain or all controls boats whose effort they regard as minimal, within whatever discretion is permitted for such vessels by the CFP. By this we mean that unless the CFP permits non-recording of catches of quota species by certain very small vessels on the grounds that their take is de minimis, the IFCA will have to be able to demonstrate that catches by such vessels are not causing UK quota limits to be exceeded. So such flexibility will be more likely for vessels catching non-quota species. Such derogations should be based on catching capacity and other operational limits determined locally, rather than by reference to a single national measure of length, and should potentially include community ownership of access and quota rights.
- 1.20. Tradability of FQAs should be improved, for example by allowing trade of FQAs from an active business.
- 1.21. To encourage reductions in capacity, which is necessary to achieve profitability across the board, the system should permit the sale, not only of quota, if leaving the fleet, but also current days at sea allowance for over 10m vessels.

Data Collection and Science

- 1.22. Government should also update the basic criteria by which POs should operate e.g. in collating data to improve fisheries science, and marketing initiatives,

such as promoting membership of the Responsible Fishing Scheme. POs should also take a more active role in helping to improve sustainable harvesting, for instance, considering ways to incentivise their members to reduce discards.

- 1.23. Government should pursue more effective information collection and provision from and for the inshore fleet, with minimal administrative burden. Electronic approaches, already being explored in pilot projects and the roll-out of 'e-licensing' should be further expanded. Sources of supplementary data, for example that collected by angling clubs, should be explored particularly for non-pressure stocks. Additionally, data on catches, rather than landings, should underpin any quota regime in order to accurately monitor fish mortality and better match fishing activity with available resource.
- 1.24. All IFCA should develop a long-term management plan following the model adopted by the Sussex Sea Fisheries Committee (SFC); utilisation of the Marine Stewardship Council (MSC) pre-assessment methodology.
- 1.25. To improve fisheries science, Defra should utilise the scoping study report for the National Shellfish Resource Group and develop and expanded science advisory group for all English inshore fisheries to coordinate existing technical and scientific expertise, develop appropriate national guidance on stock assessment and management and establish best fisheries and environmental practice for fish and shellfish production.

Other issues

- 1.26. Similarly, more work should be done to improve understanding of routes to market, from maintaining quality on board to exploiting markets both within the UK and abroad, so that fishermen can find routes which deliver a reward for raising the quality of their product and to help them get higher prices for quality products caught and processed in an environmentally responsible way. This could well involve an element of public education and work with the major retailers and major food service companies, subject to addressing the relevant issues around infrastructure. Consideration should be given as to where this work should fit including the role of industry funding. Again, the use of EFF to help deliver improved marketing by the industry and other work with the public, retailers and food service companies should be considered.
- 1.27. In joining POs, the under 10s should also be offered political representation, management services for selling and marketing fish, and facilitation of EFF grants for marketing improvements and infrastructure.
- 1.28. As the industry inevitably contracts further there remains a real problem with the low level of young entrants to the industry. Government should discuss with the POs ways of incentivising and training young entrants, and of lowering entry hurdles (i.e. costs of entry) for fishermen who want to work their own boats, again subject to local assessments of the number of entrants desirable to sustain an active local industry. The Danish system, in which some quota is set aside for this purpose, might be considered as an example.
- 1.29. The impact of recreational sea-angling vessels on stocks should be assessed and Government and IFCA should consider restricting and licensing the activity of non-commercial boats and sea-angling boats, in areas subject to long-term management plans, where their catch is regarded as potentially significant for local stock management.

