

Background paper for the Abalone FAC

Excess diving capacity within the Abalone Dive Sector

Background

In 1969, in order to regulate and conserve the fishery, the Government decided to adopt a limited entry policy... The policy was to require all license holders to be engaged full time in the industry, to limit the number of license holders to the number of people then engaged in diving for abalone on a full time basis... Following the adoption of this policy, 125 commercial abalone licences were issued... It was also policy to issue a license each year to a person who had held a license during the preceding year for so long as he or she wished to work full time in the industry.¹

Since the setting of this full time diver precedent in 1969, and its reinforcement in the 1987 Queen vs Byrne case, there has been no formal government policy setting that would suggest that this full time diver policy be abandoned. However, under a scenario of continual significant declines in the abalone TAC, but continuation of a stable diver workforce of 121 FLADs, there has in fact been a diminution of rights of abalone divers to be able to work on a full time basis. The increasing separation of quota ownership from the catching sector (FLAD owners) has also seen an increasing reliance on abalone divers needing to lease quota. Combined, there has been an increasing trend in recent years for a large number of FLAD holders to resort to a secondary job (income) to support themselves and their families; or alternatively, some divers are facing significantly low incomes.

Several reports have highlighted significant issues, problems and concern with the abalone industry, with particular reference to the dive sector, and confirmed the statements made above.²

As stated in Knuckey 2015:

One difficult area is that the quota unit value (in kgs) can be adjusted to the current state of the fishery, while the number of dive entitlements remain static, determined at 121 by historical capacity and decisions. Where once these dive entitlements were accessing ~3,000 t of quota annually, during 2015 they only had access to 1,850 t. Effectively, there is now an oversupply of divers and this is creating a range of competing economic and social issues in the fishery.

In the Tasmanian Abalone Council News, February 2006, the then TAC President made the following statements in reference to the Felmingham (2005) Report:

...with a total annual allowable catch currently at a little over 2,500 tonne, only 83 divers are required if the average catch is 30 tonnes per diver. Currently therefore, we are "over-serviced" by 40 divers while there are 123 dive entitlements available for use. This raises the question; "should we be looking at avenues to reduce the number of dive entitlements??"

The more recent Knuckey (2017) Report states:

Our review also indicates that securing access to quota (increasing volume) is a greater imperative to lease divers than increasing the dive rate because of the economies of scale that can be achieved.

¹ Queen vs Byrne – point 10 in judgement

² Felmingham Reports (2005) (2009) & Knuckey Reports (2015 & 2017)

In this report, Knuckey shows that an average catch of around 24 tonnes represents approximately 120 days fishing per year, which could be viewed as a minimum threshold for a full time, 'profitable' abalone diver. This threshold only requires 55 divers to catch the total current 2018 TAC. Knuckey also references 'autonomous adjustment' as the mechanism for restructuring the industry, however, there is significant evidence that the timeframe and even capacity for any autonomous adjustment is significantly (or perhaps fully) compromised by the low barrier to entry:

Despite a limited number of FLADs, the diver-services market is easily accessible by new entrants because there are many dive licences available for lease at relatively modest costs. Capital costs to enter the market are relatively low, no experience and limited dive qualifications and training are required.

Current situation

Today, there is a TAC of 1,333.5 t but still 121 active FLADs. With the predicted further declines in the TAC, the situation will only become worse.

This current situation is in large summed up by Knuckey (2017):

The dive services market... is structurally unattractive, with low profitability. This is unlikely to improve in the future, even if the stock status allows the TAC to be increased.

Relying on autonomous adjustment will see the continuation of part-time divers moving into and out of the industry, undercutting those who Knuckey states need to access 24.5 t to stay economically viable. This in turn makes the Knuckey (2017) recommendation that 'there is greater imperative to access more quota' under a system with a static 121 active divers who are fighting for an ever reducing TAC a nonsense solution!

The reports produced during 2005, 2009, 2015 and 2017, combined with the TAC Presidents report in 2006 clearly highlights significant problems with excess dive capacity.

The question to ask is **"why go to all the trouble to highlight the problems to just recommend the status quo"!**

Moving Forward

It should be obvious that there is significant excess diving capacity within the abalone dive sector. To prevent a 'death by 1000 cuts' for many abalone divers, and the considerable mental health issues that would accompany this current and future slow 'bankruptcy', there is an urgent need to develop and implement strategies and actions that will reduce the number of active divers within the abalone dive industry. It is widely accepted that we need to work towards approximately 60 active divers in the industry.

It is only under a 60 diver scenario that a full time, professional dive sector would be able to access the minimum 24 t quota they need to remain economically viable.

A number of potential options have previously been tabled but ignored, including:

- A 2 for 1 or other form of amalgamation
- A catch cap on each FLAD
- Combination of both.

It is our responsibility to not only manage the sustainability of the resource, but under the Act we must also consider community benefits, such as sustainability of workforce and other social aspects and benefits that the resource should bring to the benefit of the community.

It is time that the FAC, government and industry become proactive and implement strategies to improve the diver situation right now, otherwise the problem will be significantly harder into the future.