



NATIONAL FISHERIES AUTHORITY

Public Notice

The National Fisheries Authority (NFA) has established formal sustainable effort limits in both PNG Archipelagic Waters (AW) and PNG 200nm Exclusive Economic Zone (EEZ). This was done after lengthy consultations with industry, line government agencies and relevant stakeholders throughout 2014 backed by national and regional science. These formal sustainable effort limits are currently being gazetted under the new National Tuna Fishery Management and Development Plan (NTFMDP).

The new National Tuna Fisheries Management and Development Plan [NTFMDP] sets a strategy for the sustainable development of domestic tuna processing and fishing activities and it will come into effect on 1st January 2015. Currently, the PNG processing sector sees a very generous access regime where excessive concessions to fish and process have been rendered to fishing and processing companies. These are reflected in the terms of the fishing licences and concessional access fees to PNG waters without limitation. These come in the form of resource rents from access fees through the Vessel Days Scheme (VDS), tax rebates, duty-free importation of plant and equipment, and other such concessions offered in the respective State Agreements and Licensing Conditions. After 20 years, it is seen that subsidised catches are way in excess of agreed processing capacities in State Agreements and also more significantly there is typically under installation of equipment and under utilisation of the installed onshore facilities that is evident. As a result, most tuna caught in PNG waters is being exported unprocessed and ironically some of the tuna processed in PNG is imported at high cost to process, whilst cheap subsidised fish is exported for value addition in home companies for upper markets and premium prices. This has direct implications of reduced employment in our designated ports, local businesses and other direct and indirect spin-off economic activities and benefits accrued to PNG are not being fully realised. Furthermore, many processing operations are claiming to be running at losses, although associated fishing ventures are not mentioned.

The Tuna Industry and relevant stakeholders are advised through this Public Notice that for an interim period of 1 year [2015], further generous domestic concessions will continue. However, fishing is to be no longer unlimited effort, but rather awarded in an allocation of days to fish. Meanwhile industry must immediately increase their processing and compliance with their respective agreements to justify continuation of concessions.

The new NTFMDP should see effort in days matched to processing as was originally offered, and whilst the State may assist in infrastructure by way of setting up additional wharves; It is the investors that need to address the implementation of their project agreements to deliver full production, including coming up with innovative ways to reduce cost.

Key factors for 2015 include access to AW [Bismarck Sea] which shall be reduced from 9,000 to 5,500 days reflecting removal of un-associated foreign effort facilitated under the pretext of supplying shore-based processors. For vessels linked to onshore processors the 5,500 days shall be allocated based upon actual processing tonnage being achieved or cans and loins processed and not merely allocated based on declared proposed processing capacity or the number of associated boats. It should be noted that 5,500 days is a slight increase over current effort and reflects both a further concession and provision for new PNG vessels.

It should be further noted that Domestic industry shall also have priority in the EEZ waters, with up to a further 5,500 days available. But PNG

industry shall apply for the additional days, which are available at a lesser discount in price, as AW access could already provide the current processing needs for PNG processors. Where domestic AW and EEZ catches are not reflected in increased tuna processed in 2015, the concessional days afforded to the domestic vessels under each processing ventures will be reviewed.

Chartered foreign vessels originally allowed by processors to build up supply since 1995, may also see concessions withdrawn unless their additional catches are justified in being processed in PNG; this is in addition to PNG flag catch and catch from Global Sourcing under the EU iEPA through FSMA.

To date, many PNG domestic and LBFV have had FSMA endorsement to fish/source fish regionally. Interestingly, we NFA has not seen a single fish transhipped outside PNG being returned to be processed in PNG-based processing plants. Therefore, as these vessels may fish in PNG and supply their associated processors, only the PNG component of the FSMA pool may be allocated fishing days. Additional days if required must be sourced regionally as has occurred in 2014.

After providing for PNG catch, the balance of effort in EEZ days is available for bilateral access. With foreign vessels now removed from AW into EEZ, increased provision for domestic days in EEZ to reflect new PNG ventures, it is clear that the days available in PNG EEZ for foreign access may be reduced by up to half compared to projected demand.

Accordingly each company who has had access in 2013 shall receive 20% of last years (2013) individual usage [after NFD claims] at the regionally agreed benchmark price of USD8, 000 a day for 2015 licensing period. Each company shall be further invited to tender for up to 70% of the previous years usage, noting some will only receive the base 20% if their bid price is low. This way each player in the fishery can make a conscious decision on the value to them, to get additional days to fish and have a day's "right" to use during the year, to fish whenever they want it, with no race to fish. You will note that by doing this NO foreign fleet is totally dependent on access to PNG waters. Secondly, all foreign access agreements have been required to land 10% of their catch for processing onshore, yet not one fish has ever been landed for processing.

The above is the 1st tranche of allocation of 2015 fishing days, additional days may be available through trade in the region and restructuring of regional zone-based access arrangements.

Should any new PNG company wish to operate a PNG domestic purse seine fishing vessel in 2015, they should immediately contact the Managing Director, NFA, P.O. Box 2016, Port Moresby, in order to reserve days. Allocation of days does not however infer any pre approval of licences to fish.

Further information could be obtained through an appointment on telephone number 3090444 or email address: nfa@fisheries.gov.pg

Authorised by

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