

DRAFT



**DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM
BRANCH MARINE AND COASTAL MANAGEMENT**

**POLICY FOR THE ALLOCATION AND MANAGEMENT OF
COMMERCIAL FISHING RIGHTS IN THE
HAKE HANDLINE FISHERY: 2005**

**THIS DRAFT POLICY MUST BE READ WITH THE DRAFT GENERAL
POLICY ON THE ALLOCATION AND MANAGEMENT OF LONG-TERM
COMMERCIAL FISHING RIGHTS: 2005 (available at [www.mcm-
deat.gov.za](http://www.mcm-deat.gov.za))**

TABLE OF CONTENTS

| | | |
|-------------|--|-----------|
| 1. | Introduction | 3 |
| 2. | Sector profile | 4 |
| 3. | Medium-term rights allocation process | 5 |
| 4. | Over-arching sectoral objectives | 6 |
| 5. | Duration of rights | 6 |
| 6. | New entrants | 6 |
| 7. | Evaluation criteria | 7 |
| 7.1 | Exclusionary criteria | 7 |
| (a) | Form of the applicant | 7 |
| (b) | Compliance | 7 |
| (c) | Paper quotas | 7 |
| (d) | Non-utilisation | 8 |
| (e) | Personal involvement in harvesting of the resource | 8 |
| (f) | Dependency on the resource | 8 |
| (g) | Vessel access | 8 |
| 7.2 | Balancing criteria | 8 |
| (a) | Transformation | 8 |
| (b) | Investment in the fishery | 9 |
| (c) | Fishing performance | 10 |
| (d) | Jobs | 10 |
| (e) | Local economic development | 10 |
| (f) | Historical involvement | 10 |
| (g) | Compliance | 10 |
| 7.3 | Empowerment of hake handline fishers | 11 |
| 7.4 | Effort allocations | 11 |
| 8. | Suitable vessels | 12 |
| 9. | Multi-sector involvement | 12 |
| 10. | Application fees and levies | 12 |
| 11. | Management measures | 13 |
| 11.1 | Ecosystem approach to fisheries management | 13 |
| 11.2 | Management on a regional basis | 13 |
| 11.3 | Access to traditional linefish stocks | 13 |
| 12. | Performance measuring | 13 |
| 13. | Observer and monitoring programme | 14 |
| 14. | Provisional lists | 14 |
| 15. | Permit conditions | 14 |

1. Introduction

This is a draft policy on the allocation and management of commercial fishing rights in the hake handline fishery and is issued by the Department of Environmental Affairs and Tourism: Branch Marine and Coastal Management (“the Department”) for public comment. This policy must be read with the Draft General Policy on the Allocation and Management of Long-Term Commercial Fishing Rights: 2005 (“the General Policy”).

As stated in the General Policy, the Department will hold public meetings at coastal venues in order to consult with the general public and interested and affected parties in particular, with respect to this draft hake handline policy. At these public meetings, comments on this policy will be invited. Written comments may be submitted to the Department by 11 April 2005. Comments submitted after this date will not be considered. Comments shall be submitted as follows:

| | | |
|---|--|---|
| By Fax: Fax Number: (021) 670-1782 Attention: The Deputy Director-General Hake Handline Policy Comments | By Mail: Attention: Mr Horst Kleinschmidt The Deputy Director-General The Department of Environmental Affairs and Tourism P.O Box 44963 Claremont 7735 Hake Handline Policy Comments | By E-mail: RVU@deloitte.co.za Attention: The Deputy Director-General Hake Handline Policy Comments |
| | | By Hand Attention: The Deputy Director-General The Rights Verification Unit 11 Landsdown Road Claremont Hake Handline Policy Comments |

The purpose of this policy is to set out the considerations that will apply to the allocation of long-term commercial hake handline fishing rights. Many of these considerations are not new. They have been applied by the Department when allocating rights in the past. This policy documents these considerations, but includes a few changes and additions.

Certain post-rights allocation management policies are also presented in this draft policy. A Hake Handline Fishery Management Manual will be finalised with all right-holders during the course of 2006. This manual will stipulate in detail the management methodology and procedures for the fishery. In particular, the Department intends to manage this fishery on a regional basis subsequent to the allocation of long-term commercial fishing rights.

The Minister of Environmental Affairs and Tourism intends to delegate the section 18 power to allocate hake handline commercial fishing rights in terms section 79 of the Marine Living Resources Act 18 of 1998 (*“the MLRA”*) to a senior official of the Department.

2. Sector profile

The hake handline fishery developed along the southern Cape coast where, in the late 1980's, traditional linefishers began targeting hake as demand for prime quality (*“PQ”*) hake increased on the international market.

Originally, hake handline fishers used deck boats that were capable of fishing overnight. As the fishery grew, some fishers started using skiboats, which can stay out at sea overnight, and can be winched up onto a trailer and be driven to areas closest to where the hakes are located. The deck boats were harbour bound. This introduction of skiboats significantly increased effort in the hake handline fishery, particularly as use of these vessels allows hake handliners to follow the hake along the South African coastline.

During the 1980's and 1990's the fishery was not properly regulated and managed. The lack of a regulatory framework, coupled with increased demand for PQ hake in the late 1990's, resulted in a number of persons, including recreational and commercial fishers operating in other fisheries, entering this fishery to take advantage of the high prices. During the late 1980's hake handline catches were estimated to be approximately 150 tons. By the 1990's this had increased to between 1 100 tons and 1 400 tons annually. By the year 2000, approximately 5000 tons were landed.

In December 2000, the Minister announced a biological emergency in the traditional linefish fishery. The Minister also decided to split the management of the handline fisheries into three separate fisheries – the tuna pole, the hake handline and the traditional linefish fisheries. In that year, the Minister set a total applied effort (*“TAE”*) for the fishery for the first time in the hake handline fishery. The TAE limited the number of crew and vessels that could target hake using a handline to 130 vessels and 785 crew. In addition, a precautionary maximum catch limit (*“PMCL”*) of 5500 tons

is set aside under the global hake total allowable catch.

The Department manages the hake longline fishery as part of a “hake” collective. In terms of the MLRA, a “global” total allowable catch (“TAC”) for hake is set annually by the Minister of Environmental Affairs and Tourism. The hake handline and longline fisheries share 10 percent of the global TAC. The hake deep sea trawl fishery is allocated 83 percent of the TAC and the balance is fished by the hake inshore trawl fishery. Until 2004, 1 000 tons was set aside for foreign fishing. This allocation will be discontinued

The hake handline fishery operates out of small fishing harbours and slipways along the southern Cape and Eastern Cape coasts, as far north as Port Alfred. The handline fishery, like the hake long line fishery, lands PQ hake for export to Europe. The fishery operates in inshore waters targeting shallow water hake, *Merluccius capensis*.

Hake stocks are currently managed in terms of a recovery strategy and the TAC for hake has been reduced each year since 2003. Current catch rates of shallow water hake are unsustainable.

3. The medium-term rights allocation process

In 2003, the Department allocated 86 commercial hake handline fishing rights. The rights authorised 86 vessels and more than 700 crew to target hake using the handline method. This was the first time that commercial fishing rights were allocated in this fishery and the first time that the hake handline fishery was subjected to comprehensive regulation.

The objective of the medium-term allocation process was to allocate commercial hake handline fishing rights to fishers who are reliant on the fishery for their livelihoods. Every effort was made to exclude recreational or part-time fishers who derived income from other fisheries, or who were employed in other sectors of the economy

Of the rights allocated, 26 percent were allocated to blacks. Approximately 25 percent of the skippers in this fishery are black, while 76 percent of crew are black.

Most of the right-holders are individuals. Legal entities, such as close corporations and companies, make up a small percentage of the right-holders. All the right-holders in the fishery could be described as small- and medium-sized enterprises (“SMEs”).

4. Over-arching sectoral objectives

The over-arching objectives of allocating long-term fishing rights in this fishery are to:

- Significantly increase the transformation profile of the hake handline fishery;
- Allocate rights to hake handline fishers who rely on the hake handline fishery for their livelihoods;
- Ensure that applicants based at fishing harbours that are historically associated with hake handline catches are allocated a fair proportion of the rights;
- Support the economic viability of the fishery; and
- Ensure the environmental sustainability of the fishery.

5. Duration of rights

Having regard to the transformation profile of the fishery, the Department intends to allocate commercial rights for a period of eight years (01 January 2006 to 31 December 2013), and subject to a review at regular intervals against predetermined performance criteria, including the attainment of agreed transformation goals (**see paragraph 12 below**).

6. New entrants

The hake handline fishery is currently over-subscribed. There are many more handline fishers than the resource is able to sustain. However, the poor transformation profile of this fishery, coupled

with the fact that many hake handline fishers, particularly black skippers, did not apply for commercial rights in 2001, mean that rights are likely to be allocated to a substantial number of new entrant applicants.

7. Evaluation criteria

Applications will be screened in terms of a set of “*exclusionary criteria*”. Right-holder applicants and new entrant applicants will then be separately assessed in terms of a set of weighted “*comparative balancing criteria*”. A cut-off score or rank will then be determined to select the successful applicants. A proportion of the TAE will be allocated to each successful applicant in terms of a set of “*quantum criteria*”.

7.1 Exclusionary criteria

Apart from the criteria described in the General Policy pertaining to the lodgement of applications and material defects, the Department will exclude applicants that fail to meet the following requirements:

- (a) **Form of the applicant:** Applications will only be considered from entities incorporated in terms of the Close Corporations Act of 1984 and individuals (i.e. sole proprietors or natural persons). Applications from trusts and companies will not be considered.
- (b) **Compliance:** Compliance with the provisions of the MLRA, including the provisions of its regulations is considered to be of paramount importance. Applicants, including their members, that have been convicted of an offence in terms of the MLRA (without the option of the payment of a fine) will not be allocated a hake handline fishing right. Applicants, including their members, that have had any fishing right cancelled or revoked in terms of the Marine Living Resources Act will also not be allocated a hake handline fishing right. Other breaches of the MLRA will negatively affect the evaluation of applications.
- (c) **Paper quotas:** Paper quotas as defined in the General Policy will be excluded.

Large groups of identical or very similar applications that are sponsored by consultants or commercial fishing companies and other entities, will be excluded as fronts for paper quotas, regardless of the merits of individual applications.

- (d) **Non-utilisation:** Those right-holders that failed to utilise their medium-term commercial hake handline right between 2003 and 2004 will not be re-allocated a right.
- (e) **Personal involvement in harvesting of the resource:** Applicants will have to demonstrate that they are involved on a full-time basis in the hake handline fishery. They will be required to demonstrate that they are active fishers and participate in the operation of the hake handline business.
- (f) **Dependency on the resource:** Right-holder applicants who are not dependent on the hake handline fishery for at least 75 percent of their gross annual income will be excluded. Potential new entrants will be required to demonstrate their historical dependency on the hake handline fishery for their livelihood. Applicants that derive any of their income from sources outside of the fishing industry will be excluded.
- (g) **Vessel access:** Applicants will be required to demonstrate a right of access to a suitable vessel (*see paragraph 8 below*).

7.2 Balancing criteria

Right-holder applicants and potential new entrants will be evaluated in terms of the following balancing criteria, which will be weighted in order to assess the strength of each application:

(a) Transformation

Currently, only 26 percent of right-holders in this fishery are black-owned. An estimated 25 percent are black-managed.

Applicants that are individuals will be scored on whether or not they are black. Applicants that are close corporations will be assessed and scored on –

- The percentage black and women representation at ownership and management levels (particularly with regard to skippers);
- Whether employees are members of the applicant and the extent of their benefits;
- Affirmative procurement;
- Compliance with the Skills Development Levies Act 9 of 1999; and
- Corporate social investment.

(b) Investment in the fishery

Applicants will be evaluated having regard to investments made in the hake handline fishery.

Right-holder applicants will be assessed as follows:

- Investment in vessels by 31 December 2004 will be recognised, as long as the investment demonstrates a real commitment to participate in the sector. Right-holder applicants will not be rewarded for having concluded charter agreements or catching or purchasing agreements.
- Investment in marketing initiatives will be considered. The Department will have regard to whether the applicant is capable of marketing hake.

New entrant applicants will have to show whether they have invested in a vessel and in what form. In addition, new entrant applicants will have to show whether they have access to markets.

(c) Fishing performance

Right-holder applicants will be assessed by having regard to their performance in the hake handline fishery during the medium-term rights allocation process. In particular, right-holder applicants that targeted traditional linefish stocks in preference to hake will be penalised.

New entrant applicants will be assessed by having regard to whether they have the ability, knowledge and skills to target hake by the handline method.

(d) Jobs

Right-holder applicants who can demonstrate that they have provided temporary or permanent employment during the medium-term period, will be rewarded.

(e) Local economic development

Investment in a number of South Africa's smaller coastal towns is required for economic growth. The Department will accordingly prefer those applicants that elect to land their catches in the harbours along the Cape south coast and the Eastern Cape coast which have historically been associated with hake handline fishing.

(f) Historical involvement

Right-holder applicants and potential new entrants will be rewarded for historical involvement in the fishing industry. An example of historical involvement would be a skipper or a crewmember who has worked in the handline fishery in the past.

(g) Compliance

Minor infringements of the MLRA, the Regulations and permit conditions will be negatively scored. Right-holder applicants who cannot demonstrate that they

comply with the Skills Development Act 97 of 1998 and the Skills Development Levies Act 9 of 1999 and the Occupational Health and Safety Act 85 1993, will be negatively scored.

7.3 Empowerment of hake handline fishers

The Department will require all fishing crew who are intending to work on hake handline boats to register with the Department on its Hake Handline Crew List. Those applicants who are successful in applying for a hake handline fishing right will be required to select their crew members from among those who are listed on the Hake Handline Crew List.

7.4 Effort allocations

In 2003, one vessel was allocated to each successful applicant. The Department intends revising the allocation of effort in the hake handline fishery.

Firstly, the Department will allocate crew based on the maximum crew complement which is authorised by the South African Maritime Association (“SAMSA”). The Department will reserve a pool of approximately 15 vessels for allocation to successful applicants who are transformed and who have invested in hake handline vessels. The Department will allocate one vessel to each successful applicant. The pool of reserved vessels will be allocated to those applicants that scored highest on transformation criteria and who requested more than one vessel.

Secondly, although this fishery is managed in terms of a TAE (130 vessels and 785 crew), a precautionary maximum TAC of 5 500 tons is also used to manage this fishery. Records reveal that over the duration of the medium-term period, this precautionary maximum catch limit was never reached. Accordingly, the Department may, in the future, allocate slightly more fishing rights, provided that once the fishery lands 5 500 tons, all hake handline fishing will be halted for that season.

8. Suitable vessels

A suitable vessel in the hake handline fishery is a vessel that:

- has a minimum SAMSA certified length of approximately five metres and a maximum SAMSA certified length of approximately 12 metres. Essentially, the Department will allocate rights to skiboats and deck boats;
- has a functioning vessel monitoring system; and
- is certified as being HACCP (“Hazard Analysis and Critical Control Point”) compliant.

9. Multi-sector involvement

Right-holders in the hake handline fishery (including their members) will not be allowed to hold commercial fishing rights in any other fishery. Right-holders in the hake handline fishery will, however, be entitled to target snoek.

10. Application fees and levies

The application fee for the hake handline fishery will be set having regard to:

- The cost of the entire rights allocation process, including consultation, receipting, evaluation of applications, verification, appeals and reviews. In this regard the costs incurred during the medium-term process will be used as a guide; and
- The value of the fish being allocated over the duration of the right.

The annual levies payable with effect from 01 January 2006 will be revised, after

consultation with affected and interested parties.

11. Management measures

The management measures discussed below reflect a number of the Department's principal post-right allocation management intentions for this fishery.

11.1 *Ecosystem approach to fisheries management*

This fishery will be managed in accordance with the ecosystem approach to fisheries ("EAF"). An ecosystem approach to fisheries management is a holistic and integrated policy which recognises that fishing and associated land-based activities impact on the broader marine environment. The EAF will be detailed further in the Hake Handline Fishery Management Manual. South Africa remains committed to the target date of 2010 for the implementation of an EAF in the commercial fisheries.

11.2 *Management on a regional basis*

The Department intends changing the management strategy of this fishery subsequent to the allocation of long-term fishing rights. It is the Department's intention to manage this fishery on a regional basis, restricting the movement of vessels within specific regions.

11.3 *Access to traditional linefish stocks*

Hake handline fishers will not be permitted to fish for traditional linefish stocks such as kob (*Argyrosomus* spp.) and geelbek (*Atractoscion aquidens*). Hake handline fishers will, however, be allowed to target snoek when it becomes available.

12. Performance measuring

The Department will institute a number of formal performance measuring exercises for the duration of the commercial fishing rights. It is envisaged that the first performance

measuring exercise will take place after a year, and thereafter every three years.

Although the Department will finalise the precise criteria against which right-holders will be measured after the allocation of commercial fishing rights, and after consulting with right-holders, the following broad performance-related criteria may be used:

- transformation;
- investment in vessels, marketing and gear;
- compliance with applicable laws and regulations.

13. Observer and monitoring programme

The Department's current monitoring programme will be expanded to this fishery. Right-holders will be required to bear the costs of the observer and monitoring programmes.

14. Provisional lists

Before the Department makes a final decision on who will be allocated rights to participate in the hake handline fishery, it will issue a provisional list of successful applicants. The provisional list will be circulated to each fishing area. Interested and affected parties in these areas may then inform the Department if any persons who historically fished for hake using the handline method have been excluded from the provisional list.

15. Permit conditions

Permit conditions for this fishery will be issued annually. The permit conditions applicable to this fishery for the 2005 season are attached as **Annexure A**. Interested and affected parties are invited to comment on these permit conditions.