

# ausmarine

Incorporating professional fisherman and Australasian Ships & Ports

For those who earn their living from the sea

MAY 2007

\$8.95 incl. GST



[www.baird-online.com](http://www.baird-online.com)



## The "Duke of Charters" – West Australian charter company receives new LeisureCat

- HAGEN STEHR EXPOSES THE AFMA/JAPANESE TUNA QUOTA SCANDAL
- FEATURE: WALTER STARCK TAKES A GOOD LOOK AT AFMA'S BAD ATTITUDES
- RIBS AND RRBS MAKING WAVES IN AUSTRALIA
- ALL EYES ON WESTERN AUSTRALIA



Printpost Approved  
349 181/00 329

# EDITORIAL

---

## *AFMA – Rotten to the core*

**I**fully realise that readers from other sectors of the marine industry are probably bored with the misdeeds of the Australian Fisheries Management Authority and the problems it has caused Australia's fishing industry.

Although the fishing industry, largely due to its own weaknesses, is worse off than any other sector, I persist with highlighting its problems because "there, but for the Grace of God, go you".

The AFMA debacle provides all of us with valuable lessons of the dangers of a bureaucracy that gets out of control due to lack of political interest. Fishing is a classic case of failing due to inadequate lobbying despite what former AFMA chief Richard McLoughlin claims.

Barry McRoberts and Walter Starck have both written very eloquently elsewhere in this issue on the AFMA mess in general and the McLoughlin departure in particular. They show very clearly the dangers of persisting with this thoroughly dysfunctional and discredited organisation.

Interestingly, I was talking recently with a judge who in a past life was, of course, a barrister. He asked me about AFMA and what it was like to deal with. Before I let loose, he volunteered that he had often acted against governments on a wide range of matters. However, he said, he had never experienced such nasty, vindictive or malicious people as he had at AFMA. I thought that is a view that would be widely shared around that part of the fishing industry that has had to deal with AFMA.

As Walter Starck's analysis of Richard McLoughlin's recent revelations shows, we have in AFMA a bureaucratic organisation that has got out of control. It has become like a police force that makes the laws. Frighteningly, with a staff of well over one hundred people who "manage" or, perhaps "rule" around 600 boats, AFMA is like having a police car for every five vehicles on the road.

While lack of political oversight can, to some extent, be blamed for this sorry state of affairs, it is not the only cause. The "system", whereby policy development now seems to be solely sourced from the bureaucracy is one. Another and very major one is the complete absence of effective lobbying or policy development input on the part of industry.

Fishing has not made itself interesting to politicians. It hardly registers on their radar screens because the industry has failed to even try to make it do so.

Despite this, the industry has been fortunate that its two most recent ministers, Senators Eric Abetz and Ian Macdonald, have at least had their hearts in the right place. That they have been largely ineffectual in controlling the excesses of AFMA is more the fault of industry than of them.

**Neil Baird**  
Editor-in-Chief

---

**NOTE:** In light of recent important AFMA activities, Walter Starck's piece on "Where our Fish Come From" will continue in next months edition.

# STRAIGHT FROM THE HORSE'S ORIFICE

## Background

Last year Mr. Richard McLoughlin, then Managing Director of the Australian Fisheries Management Authority, gave a talk to the Economics and Environment Network at the Australian National University. A recording of this talk was made available on the EEN website.

Its content is remarkable in its frankness regarding the problems and shortcomings of AFMA. Even more remarkable, however, is what it also reveals about the mindset, understanding and competence of AFMA.

On March 6, 2007, Neil Baird wrote McLoughlin to enquire if he could confirm that this recording was a fair and accurate recording of his presentation. In a reply dated March 15, 2007 McLoughlin responded: "I spoke at the time to a set of powerpoint presentations and did not have a formal set of speaking notes. Subsequently, I learned that the presentation was recorded and then placed on the web without my knowledge or permission and I could not determine if any editing had occurred. Accordingly, I cannot confirm that the recording is a fair and accurate recording of the presentation as you request." Mr Baird also sent a copy of the presentation to Federal Fisheries Minister, Senator Eric Abetz.

On March 21, 2007 AFMA announced: "Australian Fisheries Management Authority Managing Director Mr. Richard McLoughlin has resigned and will leave the Authority on April 5, 2007, ... Richard indicated to the Board that after a long career in fisheries management and the intense period of change in his role as Managing Director he wanted to pursue new career challenges."

The recording seems to no longer be on the EEN website. It appears that one may reasonably assume that this talk, before a sympathetic audience of environmental management academics, was not intended for public disclosure. Despite Mr. McLoughlin's reluctance to confirm the accuracy of the recording, he does not disavow it and there is no reason to suspect it has been edited to mislead or indeed, edited at all. The audio quality is also very clear. It further seems probable that the views of the managing director of AFMA do in general reflect the prevailing views of the organisation. The following are quotes from this recording (in italics) followed by my comments.

## Quotes and Comments

*"I'm quite confident, ...we're actually leading the world in this stuff. I've got requests from Norway, Iceland, UK and Canada on my desk at the present time to go and give this equivalent talk. It is cutting edge..."*

Further on in his talk Mr. McLoughlin states:

- *"This industry is over-regulated to death."*
- *"You might be astonished to hear that we've got a couple of fisheries where management costs are 150 per cent of the GDP of the sector."*
- *"AFMA was created in 1992...we've ended up with an appalling performance of more over-fished fisheries after 12 years than we started with."*
- *"Very few Commonwealth Fisheries at the present time show positive economic returns. This industry is going broke at a rate of knots."*
- *"Half the industry could catch the current level of catch."*
- *"We've got over-fished fisheries everywhere."*

Elsewhere I have characterised Australian fisheries as being the most over-managed, restrictive, least productive and least profitable in the world. I must admit that, despite the overwhelming evidence in support of my accusation, I still had a niggling of concern that I might have been too harsh in my judgment. I am indebted to Mr. McLoughlin for his clear confirmation of its essential correctness.

Amazingly, this situation is what AFMA claims to be "leading the world" and "cutting edge" management. No wonder bureaucrats all over the world are interested. AFMA management makes "Yes Minister" look like a serious documentary.



*Ex Managing Director of AFMA, Richard McLoughlin*

*"This industry is over-regulated to death and the industry likes it that way. We've got a relatively small industry at the Commonwealth level – \$300m a year – with the best part of 700 pages of legislation regulating that. Now that doesn't include management plans, regulations and all the subordinate legislation. This industry is over-regulated to death, both environmentally and in terms of the way that the industry wants the thing regulated, most of which I personally – it's not government policy – personally I view that as anti-competitive measures that the industry have managed to get into the legislation over a 20 year period. .... A very small agency – we're only 120 people. I've got six full time lawyers working for me, including one Senior Counsel, and I have a legal bill of over half a million a year with the Attorney General."*

After creating an unworkable morass of regulation, AFMA now claims it is all because the industry wanted it. How much of the 700 plus pages of legislation is really anti-competitive and inspired by the industry? If fishermen are so effective at lobbying, how has the stifling regulatory burden on them come about? No general can get away with blaming failure on those under his command or a businessman his employees. It is obvious that in AFMA's view any success is to their credit and any failure entirely the fault of the industry. Under their management a healthy industry has been devastated and great suffering inflicted on hundreds of lives. Now they blame their victims, proclaim world class performance and continue on with impunity.

*"You might be astonished to hear that we've got a couple of fisheries where management costs are 150 per cent of the GDP of the sector."*

Who is responsible for devoting so much management resources to such fisheries? Why does monitoring and setting limits on the catch of a few dozen fishermen or less require such expenditure? If AFMA cannot do it economically, transfer the responsibility to another agency or outsource it.

*"It is the desire of government and AFMA in particular that we have a very consultative approach, ... the Commonwealth Fisheries Management Act – is probably unique in the world in having these consultative mechanisms built in at multiple stages in the legislation."*

Anyone who knows anything about the industry recognises that the whole consultative approach is a sham in which actual fishermen have no effective voice. The façade of consultation is provided by "recognised peak bodies" staffed by a handful of persons whose salary depends upon a handout from government. Typically they are headed by either a failed fisherman or former bureaucrat. The term "recognised" seems singularly appropriate. Every woman recognizes their own handbag.

*"The industry is heavily subsidised by the Australian taxpayer – management compliance and research – compliance costs for Australian domestic fisheries are 50 per cent subsidised by government. Management costs subsidised everywhere from about 20-100 per cent and research anywhere between 20 and 80 per cent – and up to 100 per cent fully subsidised by government."*

The Oxford dictionary definition of subsidy is: "Financial aid furnished by a state or a public corporation in furtherance of an undertaking or the upkeep of a thing." McLoughlin appears to consider anything short of payment in full by fishermen for any costs AFMA might choose to incur as being financial aid. If fishermen are to bear the full cost of management then it is only reasonable that they should have full authority to hire and fire such management.

*"The willingness and ability of this industry to over-capitalise in the face of clear evidence that they are over-capitalising and in fact generating negative profits, is absolutely extraordinary. These guys will go to sea knowing that they will lose money and there are any number of fisherman that I'm aware of that will go to sea to lose money four or five days a week, come back and then drive a truck for two days a week to subsidise the fishing operation."*

There seems to be no awareness that going to sea is not like going to an air-conditioned office with a guaranteed cheque on payday regardless of weather, breakdowns, market conditions, sickness, holidays, old age or personal productivity. Fishing is inherently uncertain. Fishermen do not go to sea knowing they will lose money. They go hoping to make it but often not doing so. Having to work a second job to keep one's primary one going through hard times must be beyond the comprehension of a bureaucrat. Even more incomprehensible must be what it feels like

# What AFMA Really Thinks About Itself and the Industry

after all the effort and uncertainty to find it made impossible to continue because of ill-founded decisions by office workers with little understanding of either the actual condition of the resource or the realities of the industry and scant regard for the effects of their decisions on the lives of others.

*"The key objectives of the Fisheries Management Act – 'Efficient cost-effective fisheries management...'"*

If management efficiency is measured in productivity and profitability and if cost-effective means the management cost per unit of output, then without doubt Australian fisheries management is the worst in the world. No other nation spends as much on management per unit of harvest or dollar of profit. Even worse, as McLoughlin points out, in some fisheries we spend more on management than not just their profit but even their gross production.

*"We got the government to agree in a recent Act amendment that its expectation is that this industry will make profits and contribute to the Australian economy and that particularly as a public resource, with lots of government intervention and government expenditure going on, there will be a net economic return. Those sectors of the industry that are not producing an economic return need some decisions about whether we should be having that sector at all. .... From a public policy perspective, should we be thinking about actually just shutting these fisheries down? If they're never going to generate a profit, why would we allow people to expend fuel and other resources – subsidised resources – on killing fish for no net contribution to the Australian economy?"*

If a fishery is no longer profitable to the fishermen they will themselves shut it down. If, however, it simply does not produce enough profit to support a bloated exorbitant management levy then it is time to find new management.

*"It might catch eight to nine to ten tonnes of bycatch it doesn't want and they tend to turf that over the side. That's wasted resource and wasted fuel and wasted effort. What do we do about that?"*

Bycatch turfed over the side is bad management. Much of what we call bycatch is in reality high quality seafood and what is not can be turned into it via fish meal going into aquaculture. We have no fish meal industry and the booming global demand from aquaculture is already pushing the limits of supply. Competent management would be fostering the full utilisation of bycatch rather than imposing expenses and difficulties to reduce it.

*"Looking to the future, 2003, an updated policy on new directions – the greatest load of motherhood, useless statements I've ever seen come out of government, ...."*

It is curious how readily bureaucrats recognise the odour of bureaucratic bullshit from others but still think their own can be made to smell like success.

*"Southern Bluefin Tuna.... Japan's been catching anywhere between 12 and 20,000 tonnes for the last 20 years and hiding it and it's probably killed that stock...."*



*"Would they rather be driving trucks?"*

Obviously the stock has been considerably more robust than the experts estimated. The Australian quota is still readily being caught, hardly the sign of a stock that has been killed. In any case, who let them get away with such an enormous theft?

*"AFMA was created in 1992 along with the new Fisheries Management Act. It was always fee-based. Despite all that we've ended up with an appalling performance of more over-fished fisheries after 12 years than we started with. Now what the hell's going on?"*

I should say that those performances do have ramifications for agencies like AFMA. It was in that last year – to early 2004 – that the whole board of AFMA and the Managing Director was sacked. So it does have ramifications. So we have this particular niche of natural resource management in a primary industry sector where, despite extraordinary government investment in all sorts of ways, the output performance was in fact red boxes all over the place."

The ramification in this instance has been to replace ineptness with incompetence while maintaining the same failed approach. Subsequent results have only got worse. Meanwhile, the failed managers are promoted to new, more lucrative, positions elsewhere. This is what it means when a bureaucrat is "sacked".

*"Very few Commonwealth Fisheries at the present time show positive economic returns. This industry is going broke at a rate of knots .... In recent years the economic position has worsened .... fresh fish markets of Sydney and Melbourne, half a million dollar net return on a turnover of \$70m, ex-boat – appalling performance. The Northern Prawn Fishery losing money ... Southern Bluefin Tuna very subject to exchange rates and market acceptance ... lost a lot of money last year based on downturns in demand. South East Trawl ...with a trawl fleet from Sydney round to Adelaide – 180 licences and probably only 50 boats working ... People either not prepared to run their boats or can't afford to put a boat on the water because of the hopeless returns."*

*Continued on following page*



