



**DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES
BRANCH FISHERIES MANAGEMENT**

**DRAFT POLICY FOR THE ALLOCATION AND MANAGEMENT OF
FISHING RIGHTS IN THE
HAKE HANDLINE FISHERY: 2013**

**THIS POLICY MUST BE READ WITH THE GENERAL POLICY ON THE
ALLOCATION AND MANAGEMENT OF FISHING RIGHTS: 2013**
(available at www.daff.gov.za)

This document is also available in Afrikaans, isiXhosa and isiZulu

Hierdie document is ook in Afrikaans, isiXhosa en isiZulu beskikbaar

Lencwadi iyafumaneka nangolwimi lwesiBhulu, lwesiXhosa nolwesiZulu

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1. Introduction

This policy on the allocation and management of fishing rights in the hake handline fishery is issued by the Minister of Agriculture, Forestry and Fisheries (“the Minister”). This policy must be read with the General Policy on the Allocation and Management of Fishing Rights: 2013 (“the General Policy”).

The purpose of this policy is to set out the considerations that will apply to the allocation of hake handline fishing rights. Many of these considerations are not new. They have been applied by the Department of Agriculture, Forestry and Fisheries: Branch Fisheries Management (“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 policy. Department intends to manage this fishery on a regional basis subsequent to the allocation of the fishing rights.

Section 18 has been delegated by the Minister to allocate hake handline fishing rights in terms of section 79 of the Marine Living Resources Act 18 of 1998 (“the MLRA”) to a senior official of the Department. This policy document will guide the delegated authority in taking decisions on applications in this fishery.

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 or 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 fishers operating in other fisheries, entering this fishery to take advantage of the high prices and catches rapidly escalated. 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 with catches peaking at an estimated 7300 tons in 2001. In 2013, the Total Allowable Catch (TAC) for hake handline fishery was set at 5193.697 tons which is 3% of the hake directed catches for 2013 fishing season.

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 Agriculture, Forestry and Fisheries. The hake handline and longline fisheries share three (3) and seven (7) percent of the hake directed TAC respectively. The hake deep sea trawl and hake inshore trawl fisheries are allocated 84 and six (6) percent of the hake directed TAC respectively..

In the past when the markets were lucrative, the hake handline fishery operated out of small fishing harbours and slipways along the southern Cape and Eastern Cape coasts, as far north as Port Alfred. However, since 2006, the economic crisis in Europe has impacted heavily in this sector. As such, the area which the hake handline fishery operates is currently mainly between Knysna and

Still Bay. The handline fishery, like the hake long line fishery, lands PQ hake for export mainly 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 improved in the past 3 years (2010-2012), indicating that the recovery strategy is starting to yield positive results.

3. The long -term rights allocation process

In 2005, the Department allocated 95 hake handline fishing rights. The rights authorised 95 vessels and 742 crew to target hake using the handline method. This was the second time that fishing rights were allocated in this fishery and the second time that the hake handline fishery was subjected to comprehensive regulation.

The objective of the long term allocation process was to allocate hake handline fishing rights to fishers who were 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.

Since 2006, the activity in the hake handline fishery has decreased as a result of change in distribution of the resource, collapsed international markets and increase in fuel costs. The hake handline resource has moved to offshore, in areas which make it difficult for small boats to operate. All this has resulted in rights holders activating their annual catch permits and currently most rights holders do not utilize their rights.

The availability of the hake in the inshore areas where the hake handline boats operates is seasonal and for a short period in a year hence there is a need of additional resources with PMCL which will act as safety value for food security, subsequently creating sustainable jobs in this sector. The previous restrictions on other fish resources in the hake handline fishery are not suitable to resuscitate the hake handline fishery.

Most of the right-holders are individuals. Legal entities, such as close corporations and companies, make up a small percentage of the right-holders. Co-operatives can be accommodated in this fishery. 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 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.
- Promote food security and socio-economic development through the sustainable utilization of hake resources.
- Promote transformation; broaden meaningful participation (increase participation, value-creation, linkage) and growth in the hake handline sector.
- Support and develop regulatory and management mechanisms aimed at promoting sustainable utilization/management of fisheries resources.
- Achieve the recognition, protection and support of Small-Scale Fishers.
- Achieve the incorporation of a community-based rights approach to the allocation of hake resources.
- This right can be utilized with other rights depending on the availability of the resource.

5. Duration of rights

Having regard to the transformation profile of the fishery, the Department intends to allocate fishing rights for a period of seven (7) years (01 January 2014 to 31 December 2020). The Department will regularly evaluate right holders against predetermined performance criteria (**see paragraph 12 below**).

6. New entrants

The hake handline fishery is currently not over-subscribed.. However, the transformation profile of this fishery, coupled with the fact that many hake handline fishers, particularly black skippers, did not have access to vessels and finance and apply for rights in 2005, means that fishing rights may instead be allocated to a substantial number of new entrant applicants, particularly black new entrants.

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, individuals (i.e. sole proprietors or natural persons), companies, trusts and co-operatives.

- (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 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 long -term hake handline fishing rights between will not be re-allocated a right.
- (e) **Personal involvement in harvesting of the resource:** Applicants will have to demonstrate that they (or a member of the close corporation or co-operatives) are involved on a full-time basis in the hake handline fishery. However, women will be allowed to nominate representatives they deemed would represent their interests. They will be required to demonstrate that they are active fishers and participate in the operation of the hake handline business.
- (f) **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 30 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, companies, trusts and co-operatives 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 Employment Equity Act 55 of 1998, as well as legislation on skills development. Applicants that do not comply with these laws may be refused a fishing right; and
- Corporate social investment.
- The entities applying for fishing rights which have Holding companies must have a transformation profile which is similar or higher than them.

(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 2012 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
- The agreements for access to vessels, processing, and marketing should be limited to a maximum of year or one fishing season.
- Investment in marketing initiatives will be considered. The Department will have regard to whether the applicant is capable of marketing hake.

As far as new entrant applicants are concerned, the Department will consider what investments have been committed to in the form of vessels. In addition, new entrant applicants will have to show whether they have potential 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 long-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 long-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) Reliance on the resource

The Department will prefer applicants who rely on hake handline fishing for a significant proportion of their gross annual income. Applicants or their members who derive any income from sources outside of the fishing industry will be penalised. Potential new entrants will be required to demonstrate their historical dependency on the hake handline fishery for their livelihood.

(h) Compliance

Minor infringements of the MLRA, the Regulations and permit conditions 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. The Department will only register persons on the crew list if they have successfully undertaken a SAMSA safety training course, establish a reliance on hake handline fishing and are able to demonstrate some form of historical involvement in hake handline fishing.

Registration by crew on the Hake Handline Crew List will be free and will take place.. The hake handline crew registered on the crew list may only fish from vessels authorised to catch hake handline.

7.4 Effort allocations

The Department will allocate one vessel to each successful applicant and the equivalent crew as determined by the South African Maritime Authority (“SAMSA”) to be safe for that vessel.

Further, although this fishery is managed in terms of a TAC (95 vessels and 742 crew), a precautionary maximum TAC of 5 500 tons is also used to manage this fishery. Records reveal that over the duration of the long-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 registered length of approximately **5 metres** and a maximum SAMSA registered length of approximately **24 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.
- The Hake Handline vessels should not be used for recreational purposes.

9. Multi-sector involvement

Right holders in the hake handline fishery are not precluded or discouraged in the holding of rights in more than one fishery.

10. Application fees and levies

The application fee for this fishery will be determined having regard to:

- The cost of the entire rights allocation process, including consultation, receipting, evaluation of applications, verification, appeals and reviews; and
- The value of the fish being allocated over the duration of the right.

The annual levies payable with effect from 01 January 2014 will be determined after consultation with right holders. The levies payable will be utilised by the Department for mitigating the annual costs of management, compliance and research.

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"). The EAF management is based on two main principles, i.e. maintaining and enhancing ecosystem health and balancing societal needs and values.

11.2 *Management on a regional basis*

The Department intends changing the management strategy of this fishery subsequent to the allocation of the 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 other fish stocks*

Hake handline fishers may be permitted to fish for other fish stocks depending on the availability and sustainability of the resources in that particular area. Hake handline fishers will, however, be allowed to target snoek should it become available.

12. Performance measuring

The Department will institute a number of formal performance measuring exercises for the duration of the 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 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.

The purpose of performance measuring will be to ensure that the objectives of the fishery are being met and that management methodologies and procedures remain current and suitable for the fishery.

13. Observer and monitoring programme

The Department's current monitoring programme may 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 in each hake handline 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 and whether any person included on the provisional list is not a traditional hake handline fisher.

15. Permit conditions

Permit conditions for this fishery will be issued annually. The permit conditions will be determined after consultation with right holders in this fishery and will be subject to revision as and when it may be necessary.