



House of Commons
Environment, Food and Rural
Affairs Committee

Implementation of the Common Fisheries Policy: Domestic Fisheries Management

Sixth Report of Session 2010–12

*Volume I: Report, together with formal
minutes, oral and written evidence*

*Additional written evidence is contained in
Volume II, available on the Committee website
at www.parliament.uk/efracom*

*Ordered by the House of Commons
to be printed 18 May 2011*

HC 858
Published on 3 June 2011
by authority of the House of Commons
London: The Stationery Office Limited
£12.00

Environment, Food and Rural Affairs Committee

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Contents

Report	<i>Page</i>
1 Introduction	3
The Framework for Fisheries Management in England	3
Background to this inquiry	4
2 Reform of domestic fisheries management	5
Defra’s consultation	5
Quota allocation	5
Realignment of under-fished quota	6
One-off reallocation of Fixed Quota Allocation	6
Decommissioning	7
In-year reallocation	8
Extension of fixed quota management into the inshore fleet	8
Quota trading	9
3 Discards	10
Fishing for the Markets	11
Project 50%	11
CFP Reform	12
Conclusions and recommendations	13
Formal Minutes	15
Witnesses	16
List of printed written evidence	16
List of additional written evidence	16
List of Reports from the Committee during the current Parliament	17

1 Introduction

The Framework for Fisheries Management in England

1. The main framework for fisheries management in the European Union is the Common Fisheries Policy (CFP). The CFP was introduced in 1983 and was most recently reformed in 2002. The European Commission is currently finalising proposals for further reform of the CFP. These are expected to be published in Summer 2011.

2. The sustainability of fishing in EU waters has become an increasingly important aspect of the CFP. As fish stocks have come under threat, quota restrictions have been introduced for some species which limit the amount of fish which can legally be landed. A 'Total Allowable Catch' (TAC) for specific species of fish is proposed annually by the European Commission. The proposals take into account scientific advice from the International Council for the Exploration of the Sea (ICES) on the maximum number of fish which can be removed without damaging stock levels, known as the 'Maximum Sustainable Yield'. The Commission's proposal forms the basis of the annual decision taken by the Council of Fisheries Ministers on TAC for the following year. In recent years the actual figures agreed have been consistently higher than those recommended in the Commission's proposal.

3. The EU-wide TAC is divided between individual Member States based on the principle of 'relative stability', which is based on the relative catches of fish in the 1970s. It is for Member States to decide how to manage and allocate their quota between their fleet, whilst ensuring that overall quota limits are not exceeded.

4. The UK divides its quota amongst the fleet using a system of Fixed Quota Allocation (FQA), introduced in 1999. FQA operates in a similar way to the relative stability principle under the CFP. The proportions of quota allocated are based on historic landings of vessels during the reference period 1994–96. These FQAs form the basis of the annual quota allocations.

5. Fisheries is a devolved matter, and the UK's proportion of TAC is divided between England and the devolved administrations. Defra delegates many of its functions for fisheries management in England to the Marine Management Organisation (MMO).

6. In England, there are two broad regimes for the management of quota:

- The majority of FQA is allocated to Producer Organisations (POs: voluntary collectives of fishermen which were established primarily to play a role in the marketing of fish) on behalf of their member vessels. POs manage this quota on behalf of their membership. Different POs have different rules for quota management, but they usually make some provision for their members to swap quota amongst each other, and between separate POs. With a few exceptions, POs are almost entirely made up of vessels measuring over 10m (commonly referred to as the 'offshore fleet').
- Vessels under 10m of length (commonly known as the small-scale or inshore fleet), and those larger vessels which are not members of POs, do not hold their own quota and instead fish against 'pools' of quota held collectively on their behalf by

the Marine Management Organisation (MMO). These vessels may also lease additional quota from the sector.

7. When the Fixed Quota Allocation system was introduced in 1999, small-scale fisheries did not have to record their landings and so the proportion of quota that they collectively received was based on Defra's best estimate. Since 2005 all landings by under-10m vessels have been recorded and it has become clear that the figure used by Defra in its calculations was an underestimate which resulted in small-scale fisheries receiving less quota than they would have done had an accurate figure been used.

8. As fish stocks have come under threat and quota levels have been lowered, total landings by the UK fleet have reduced. The fleet landed 581,000 tonnes in 2009,¹ compared with 748,000 tonnes in 2000.² The limited quota available under the CFP has posed problems for the entire fleet, but the historic underestimation of the small-scale fleet's catching capacity has exacerbated the difficulties that it faces.

Background to this inquiry

9. In advance of expected proposals for reform of the CFP later in 2011, we decided to conduct a short inquiry on aspects of Defra's domestic fisheries management. We announced our inquiry on 11 February 2011 and invited written submissions addressing the following issues:

- Is the current quota management system fit for purpose and how might it be improved?
- Are the current arrangements fair to small-scale fisheries?
- Is Defra taking all possible steps to reduce the level of discards?

10. We took oral evidence from The National Federation of Fishermen's Organisations and the New Under Ten Fishermen's Association on 9 March, followed by the Under-Secretary of State for the Natural Environment and Fisheries, Richard Benyon, on 16 March. We would like to thank those who gave oral evidence as well as those who submitted written evidence to the inquiry.

11. On 5 April the Government published its *Consultation on Reform of the English Fisheries Management Arrangements*.³ Our witnesses had been involved in the formation of the proposals and so were able to comment on the broad thrust of the proposed reforms.

12. This was a short inquiry and, mindful that Defra is currently considering widespread structural reform of domestic fishing arrangements, we have confined ourselves to making recommendations about specific areas of concern which emerged during our inquiry. We expect the Department to take these recommendations into account when finalising its reforms.

1 UK Sea Fisheries Annual Statistics 2009, <http://www.marinemanagement.org.uk>

2 UK Sea Fisheries Annual Statistics 1999 and 2000

3 Defra consultation paper April 2011, <http://www.defra.gov.uk/consult>

2 Reform of domestic fisheries management

Defra's consultation

13. The need for reform of the current quota management regime has been widely recognised for some time, not least because of the serious difficulties that the current arrangements have caused for the small-scale fleet. Defra's consultation (originally expected before the end of 2010)⁴ built on the work conducted by the Sustainable Access to Inshore Fisheries Project (SAIF), and followed on from the final report and recommendations which the SAIF Advisory Group made to Defra in August 2010.⁵ In the Ministerial Foreword to the consultation, Richard Benyon states that the aim of the proposed reforms is “to secure a more sustainable future for the fishing fleet as a whole, and specifically [...] to address the issues facing the English under-10m fleet”.

14. The consultation sets out proposals that address the structural arrangements of the English fishing fleet, including an abolition of the quota pools managed by the MMO and a move towards allocation of quota directly to every vessel in the English fleet. The proposals envisage the creation of ‘community quota groups’ which would allow small-scale fisheries to set up their own quota management organisations. These would have a similar role to POs in enabling quota to be traded between their members so that they can obtain the optimum level of quota for their individual businesses.

15. The consultation also contains proposals for realigning quota opportunities within the fleet, seeking to address the historic under-provision of quota to the under-10m fleet. As well as looking to reallocate persistently under-fished quota, Defra is also proposing a one-off reallocation of 3% of quota from the offshore to the inshore fleet.

Quota allocation

16. The fundamental problem facing the inshore fleet is a lack of available quota, due in part to the underestimation of the fleet's capacity when FQA was introduced in 1999. This miscalculation meant that the inshore fleet received a smaller proportion of quota than it might otherwise have done, and, by extension, vessels in the offshore fleet received a higher proportion of quota. As the amount of quota available to the UK under the CFP is fixed, increasing the inshore fleet's share of English quota will necessarily reduce the amount that is available to the offshore fleet.

17. The New Under Ten Fishermen's Association (NUTFA) were clear in their evidence that a rebalancing of quota allocation was essential if the problems facing the inshore fleet were to be addressed⁶ although they, along with the National Federation of Fishermen's

4 See Government's initial response to the final report of the SAIF Advisory Group.

5 The SAIF project was established to consider options for the long term reform of the English inshore fishing fleet. As part of SAIF, Defra commissioned several research projects and also set up an advisory group whose membership included representatives of the inshore and offshore fleets, retailers, NGOs, and Producer Organisations.

6 Q 21

Organisations (NFFO), were reluctant to give a figure for what they considered to be a reasonable percentage of quota to be reallocated.⁷ It appeared to us that this was due to a reluctance to show their hand whilst negotiations were still ongoing.⁸ Defra's consultation sets out its proposed approach to the reallocation of quota.

Realignment of under-fished quota

18. First, the Department proposes that quota which has been consistently under-fished by an individual PO during the period 2007–10 be reallocated from the offshore to the inshore fleet (on condition that the inshore fleet has used a high proportion of its current allocation of these stocks).

19. Defra's consultation document states that "in some cases, this un-fished quota would be of great benefit for the under-10m fleet". However, we note that the FQA will be selected for realignment based on the fishing patterns of the offshore fleet (i.e. whether POs have made use of their quota) rather than the needs of the inshore fleet. We believe that the Department should go further and should identify those stocks and areas where a realignment of quota allocation would be of real benefit to the inshore fleet.

20. In addition to the realignment of under-fished quota allocations, we recommend that the Department consider, on a case-by-case basis, the realignment of quota allocations for those stocks and areas which are not persistently under-fished but which would be of particular benefit to the inshore fleet. We recommend that a realignment of quota be carried out where such benefit can be demonstrated.

One-off reallocation of Fixed Quota Allocation

21. Second, the consultation proposes a one-off reallocation of 3% of English quota from the offshore to the inshore fleet, to be limited to those stocks where the under-10m fleet has fished an average of at least 90% of its initial allocation since 2007. The Department believes that:

The low level of the redistribution will have minimal impact on the Sector in England, but by focussing on those stocks where uptake by the under-10m fleet is high, the benefits will be high. Moreover, making this one-off redistribution removes long-standing uncertainty within the English Sector on what measures might be taken and enables the whole industry to plan with greater confidence for a sustainable future.

22. Although Defra's proposals are of course at a preliminary stage, we note that the consultation document does not set out any detailed rationale for fixing the level of reallocation at 3%. We are concerned that this figure may have been arrived at by reason of expediency rather than being underpinned by evidence. Past errors in allocating quota caused serious problems for the inshore fleet. In seeking to address these problems it is essential that the Department adopts an evidence-based approach, rather than simply

7 Q 22–23

8 See Qs 19–25

seeking an acceptable compromise between the competing interests of the inshore and offshore fleet. It is unclear from the Department's consultation paper how far, if at all, it has examined the implications of different levels of reallocation across the fleet.

23. Defra must set out in detail why it believes that 3% is the most appropriate proportion of quota to be reallocated from the offshore fleet. We recommend that the Department conducts and publishes an analysis of the effect that its proposed reallocation of 3% of quota will have on fishing opportunities across the English fleet. This analysis should be conducted before any final decision is made about the percentage of quota to be reallocated.

Decommissioning

24. A possible alternative to a fixed percentage reallocation of quota away from the offshore fleet is a state-funded decommissioning scheme which would release quota from decommissioned vessels which could then be made available to the inshore fleet. This is the NFFO's preferred solution to the problem of limited quota availability; they argue that having caused the current difficulty facing the industry, the Government has a "moral duty" to fix it.⁹ They were not, however, able to put a figure on the costs of such a scheme, noting that it would depend on scale and ambition.¹⁰ NUTFA aligned themselves with this view in our oral evidence session and when asked why Government should fund such a scheme they argued that the situation of the under-10m fleet was not of their own making and it was "unacceptable" for Government to "wash their hands of the mistakes they have made".¹¹

25. The Minister made clear that whilst there may be a role for decommissioning schemes at some time in the future, they would not form a significant plank of the proposed reforms. His reservations were, first, that funding such a scheme would be impractical in the current public spending climate; and second, that previous decommissioning schemes "did not present good value for money for the taxpayer and certainly did not address the chief purpose for which they were intended."¹² In line with these comments, the consultation document does not include any suggestion that decommissioning schemes will be implemented.

26. We are not persuaded by the argument that the offshore fishing industry should be compensated from the public purse for giving up quota which they originally received only due to Defra's miscalculation. Whilst there may be circumstances in which decommissioning may be appropriate in the future, at a time when public finances are seriously constrained we do not believe that a state-funded decommissioning scheme is an appropriate solution to the problems facing the inshore fleet.

9 Ev 31, para 12

10 Q 35

11 Q 32

12 Q 94

In-year reallocation

27. Under its quota management rules, Defra has the power to reallocate unused quota in-year. Despite having this power, the Department has never exercised it. This was a key frustration for the fishermen’s organisations that we took evidence from, particularly NUTFA who described it as a “nonsense”.¹³ The NFFO agreed that the Department’s inaction was “hard to defend”.¹⁴

28. The Minister told us that whilst he understood the frustration that some fishermen feel, there were “a multitude of reasons” why quota could remain unused at the end of the year. Defra provided further information on the obstacles to in-year reallocation in writing:

... there are several reasons why the in-year reallocation of unused quota is not currently undertaken. For example, quota holders may be retaining their quota to fish later in the year, or to use as swap currency to acquire different quota. The prospect of reallocation can encourage a race to fish, which could mean that fish is targeted out of season, thus increasing effort and discards of other stocks. Such reallocation may also impact on prices due to a surplus of fish on the market. Furthermore, there is also a risk of ‘ghost’ fishing¹⁵ in order to secure ongoing access and prevent reallocation—something that is difficult to enforce against.¹⁶

29. Defra’s proposed reforms focus on a more strategic and permanent reallocation of persistently unused quota and the Department does not suggest making greater use of its power to reallocate quota in-year.

30. We understand the frustration felt by fishermen who are desperate for additional quota, yet see quota allocated to other vessels going to waste. Whilst we appreciate that simply reallocating this quota towards the end of each year may have undesirable consequences, we believe that the current situation is unacceptable and Defra’s failure to address this issue until now has disadvantaged many members of the inshore fleet.

31. It is important that Defra does not allow the same situation to arise again in future. Alongside the strategic one-off reallocation of quota which is proposed in its consultation, we believe that Defra should also look to make greater use of its power to reallocate unused quota in-year. Defra should design and implement a system which balances the need to avoid a ‘race to fish’ with sufficient flexibility to allow for in-year reallocations of quota as and when they are required.

Extension of fixed quota management into the inshore fleet

32. Vessels in the inshore fleet are currently not allocated quota directly, but instead fish against a ‘pool’ of quota administered by the MMO. A key element of the Government’s

13 Q 50

14 Q 51

15 “Ghost” fishing is the practice of falsely declaring landings where either no fish were landed at all, or the fish landed were of a different species to that declared. It may occur where ongoing access rights are dependent on a track record of catching a specific quota species.

16 Ev 34

consultation proposals is that this pool cease to exist, and that FQA be allocated to individual vessels in the inshore fleet.

33. The NFFO and NUTFA were broadly supportive of the extension of FQA into the inshore fleet, although with two important caveats. First, both organisations were clear that this would only work if a “critical mass” of quota was made available to the inshore fleet.¹⁷ Second, they argued that if the extension of FQA led also to an extension of rights-based management (allowing fishermen to trade quota) it was crucial that safeguards be put in place to prevent quota from flowing out of the inshore fleet and into the hands of bigger organisations.¹⁸

34. The Minister agreed that safeguards would be necessary to protect the inshore fleet and Defra’s consultation proposes a ‘one way valve’ to prevent community quota held by the inshore fleet from being sold into the wider fleet. The proposals envisage the possibility of this safeguard being removed in time if a stronger community fleet required more flexibility and the consultation asks for views on whether safeguards should be temporary.

35. There is much support for the extension of Fixed Quota Allocation (FQA) into the inshore fleet. Should this take place, then the introduction of safeguards to prevent the FQA held in community quota schemes from being sold into the wider fleet is essential. We would be wary of any move to remove such safeguards in future and recommend that this should only take place after a detailed review and once it has been established that the small-scale fleet would benefit from their removal in both the short and longer-term.

Quota trading

36. Under the current rights-based management regime which operates in the offshore fleet, it is possible for quota to be held by other than working fishermen (i.e. anyone other than an active fisherman—whether a retired or inactive former fisherman, or an outside interest). This quota may then be leased back to fishermen. NUTFA were opposed to this practice, describing it in their written evidence as “an unacceptable use of a public resource, especially one that is the lifeblood of the commercial fishing industry and vulnerable fishing communities”.¹⁹ The NFFO took a more nuanced view, agreeing that the bulk of quota should be in the hands of active vessel operators, but arguing that quota trading performed a function and was acceptable “at the margins”.²⁰

37. In written evidence submitted after the oral evidence session, Defra told us that it was not possible to determine what proportion of quota was held by ‘other than working fishermen’. The Department told us that they were considering establishing a national FQA register in conjunction with the Devolved Administrations which could evolve into a quota trading platform in time.²¹

17 Q 10

18 Q 46

19 Ev 29

20 Q 47

21 Ev 34

38. It is unacceptable that Defra does not know how much quota is currently held by 'other than working fishermen'. We recommend that the Department take steps to develop a register which will allow them to monitor who holds the English fleet's FQA. This register should allow the Department to ascertain what proportion of quota is not held by working fishermen.

39. We are not convinced that the holding of quota by outside interests is ever appropriate. We expect Defra in its response to this Report to clearly set out and justify its position on this matter, explaining what (if any) benefits there are to this practice. Unless it can be demonstrated conclusively that the holding of quota by outside interests provides a clear benefit to fishing communities, we recommend that Defra take action to limit the holding of quota to active fishermen.

3 Discards

40. Discards are fish which are caught but which, for a variety of reasons, are not landed (ie brought back to a port) and are instead discarded back into the sea. The majority of discards do not survive. Discarding is a waste of resources and damages the marine environment.

41. The problem of discards has received increasing attention both domestically and at the European level in recent months. In January 2011 Channel 4 broadcast *Hugh's Fish Fight*, a campaigning series presented by chef Hugh Fearnley-Whittingstall which highlighted the wasteful practice. The series attracted widespread press coverage and a *Fish Fight* Early Day Motion in the House of Commons has obtained over 230 signatures.²²

42. Our witnesses were united in recognising that a reduction in levels of discarding is a priority. Levels of discards from the UK fleet have already reduced by 67% between 2002 and 2008,²³ but even with this reduction, an estimated 51,179 tonnes of fish were discarded in 2009²⁴ (whilst 581,000 tonnes were landed).²⁵ It is clear that the industry and Government must work together if a further reduction in the level of discards is to be achieved and maintained.

43. The reasons for discarding can be broken down as follows (figures from 2008):

- *Weak/absent market*: An estimated 54% of English and Welsh discards (13,230 tonnes) were discarded for reasons relating to weak/absent markets (i.e. non-quota species).
- *Quota constraints*: fish are caught for which the vessel has no quota. This category was estimated to account for 22% (5,390 tonnes).

22 EDM 1123, Session 2010–12

23 Figures provided by Defra.

24 HC Deb, 27 January 2011, col 417W

25 UK Sea Fisheries Annual Statistics, <http://marinemanagement.org.uk>

- *Below minimum landing size:* In order to protect fish stocks, juvenile fish may not be landed. 24% of discards (5,880 tonnes) were quota species below the legal minimum landing size and were too small to land.²⁶

44. In the course of our inquiry we took evidence on two Defra initiatives which were intended to tackle the issue of discards: Fishing for the Markets and Project 50%.

Fishing for the Markets

45. The majority of discards in 2008 (54%) occurred not because of any legal restriction on the landing of the fish, but because there was no market for them. Defra has initiated the 'Fishing for the Markets' project, which is intended to research the reasons for the under-utilisation of less popular species and to encourage their consumption. Both the NFFO and NUTFA were supportive of Fishing for the Markets in principle.²⁷

46. Should Fishing for the Markets be successful in improving the market for less popular species, it is possible that this may go beyond finding a market for by-catch and potentially lead to these species being specifically targeted. It is essential that sufficient data on stocks of these species are obtained so that changes in consumer behaviour do not lead to them being over-fished.

47. Defra must continue its research to understand and exploit the market for less popular fish with a view to creating a more diverse and sustainable market. The issue of discards has received considerable public attention in recent months; Defra must not waste the opportunity that this presents and should work with the industry and other interested parties to develop innovative approaches to market diversification.

Project 50%

48. Technical changes to fishing gear allow fishermen to target the size and species of fish that they wish to catch whilst minimising the amount of unwanted by-catch. Project 50% is a Defra-funded initiative in which social scientists worked with fishermen from the Devon beam trawler fleet to design gear to reduce by-catch of juvenile fish.²⁸ The project succeeded in reducing discards by 50%.

49. Both of the fishermen's organisations that we took evidence from were supportive of the collaborative approach taken by Project 50%.²⁹ Defra officials noted that the reduction in discards was also of direct benefit to the fishermen involved, resulting in a "better quality and size of products [...] a better commercial return, whilst sustaining their future".³⁰

26 HC Deb, 27 January 2011, col 417W

27 Q 73

28 Further details of Project 50% can be found at www.cefas.defra.gov.uk/our-science.aspx

29 Q 75

30 Q 122

50. Project 50% took place in 2009–10. During oral evidence it emerged that no action had yet been taken to build on its success and that Defra officials had not yet drawn up any proposals for how the principles of the project could be applied nationally.³¹

51. We recommend that Defra take steps to apply the approach of Project 50% across English fisheries to reduce discard levels and better protect juvenile fish stocks. The Department must produce and implement an action plan to address this as a priority.

CFP Reform

52. A significant minority of discards occur due to restrictions set at a European level—whether through quota restrictions on the amount of any species that can be landed, or restrictions on the minimum landing size (intended to protect juvenile fish). Achieving a reduction in discards has recently emerged as a key issue for the next round of CFP reform. At an informal meeting of European Fisheries ministers in Brussels on 1 March Maria Damanaki, European Commissioner for Maritime Affairs and Fisheries, made clear that introduction of a discards ban was under consideration and on the same date the UK joined France, Germany and Denmark in signing a joint declaration on discards which called for a gradual implementation of a ban through a move away from the current system of limits on the amount of fish which are landed, and towards limits on the number of fish which are actually caught ('catch quotas').³²

53. We welcome the increased focus on discards at the European level and we look forward to examining the Commission's proposals for reform of the Common Fisheries Policy in greater detail later in the year. We urge Defra to continue to press for a reduction in discards as a key element in the forthcoming negotiations. The Department must also ensure that the interests of the inshore fleet are represented in the next round of reforms.

31 Q 121

32 *Joint Declaration on Discards under a Reformed Common Fisheries Policy*, 1 March 2011.

Conclusions and recommendations

1. In addition to the realignment of under-fished quota allocations, we recommend that the Department consider, on a case-by-case basis, the realignment of quota allocations for those stocks and areas which are not persistently under-fished but which would be of particular benefit to the inshore fleet. We recommend that a realignment of quota be carried out where such benefit can be demonstrated. (Paragraph 20)
2. Defra must set out in detail why it believes that 3% is the most appropriate proportion of quota to be reallocated from the offshore fleet. We recommend that the Department conducts and publishes an analysis of the effect that its proposed reallocation of 3% of quota will have on fishing opportunities across the English fleet. This analysis should be conducted before any final decision is made about the percentage of quota to be reallocated. (Paragraph 23)
3. We are not persuaded by the argument that the offshore fishing industry should be compensated from the public purse for giving up quota which they originally received only due to Defra's miscalculation. Whilst there may be circumstances in which decommissioning may be appropriate in the future, at a time when public finances are seriously constrained we do not believe that a state-funded decommissioning scheme is an appropriate solution to the problems facing the inshore fleet. (Paragraph 26)
4. We understand the frustration felt by fishermen who are desperate for additional quota, yet see quota allocated to other vessels going to waste. Whilst we appreciate that simply reallocating this quota towards the end of each year may have undesirable consequences, we believe that the current situation is unacceptable and Defra's failure to address this issue until now has disadvantaged many members of the inshore fleet. (Paragraph 30)
5. It is important that Defra does not allow the same situation to arise again in future. Alongside the strategic one-off reallocation of quota which is proposed in its consultation, we believe that Defra should also look to make greater use of its power to reallocate unused quota in-year. Defra should design and implement a system which balances the need to avoid a 'race to fish' with sufficient flexibility to allow for in-year reallocations of quota as and when they are required. (Paragraph 31)
6. There is much support for the extension of Fixed Quota Allocation (FQA) into the inshore fleet. Should this take place, then the introduction of safeguards to prevent the FQA held in community quota schemes from being sold into the wider fleet is essential. We would be wary of any move to remove such safeguards in future and recommend that this should only take place after a detailed review and once it has been established that the small-scale fleet would benefit from their removal in both the short and longer-term. (Paragraph 35)
7. It is unacceptable that Defra does not know how much quota is currently held by 'other than working fishermen'. We recommend that the Department take steps to

develop a register which will allow them to monitor who holds the English fleet's FQA. This register should allow the Department to ascertain what proportion of quota is not held by working fishermen. (Paragraph 38)

8. We are not convinced that the holding of quota by outside interests is ever appropriate. We expect Defra in its response to this Report to clearly set out and justify its position on this matter, explaining what (if any) benefits there are to this practice. Unless it can be demonstrated conclusively that the holding of quota by outside interests provides a clear benefit to fishing communities, we recommend that Defra take action to limit the holding of quota to active fishermen. (Paragraph 39)
9. Defra must continue its research to understand and exploit the market for less popular fish with a view to creating a more diverse and sustainable market. The issue of discards has received considerable public attention in recent months; Defra must not waste the opportunity that this presents and should work with the industry and other interested parties to develop innovative approaches to market diversification. (Paragraph 47)
10. We recommend that Defra take steps to apply the approach of Project 50% across English fisheries to reduce discard levels and better protect juvenile fish stocks. The Department must produce and implement an action plan to address this as a priority. (Paragraph 51)
11. We welcome the increased focus on discards at the European level and we look forward to examining the Commission's proposals for reform of the Common Fisheries Policy in greater detail later in the year. We urge Defra to continue to press for a reduction in discards as a key element in the forthcoming negotiations. The Department must also ensure that the interests of the inshore fleet are represented in the next round of reforms. (Paragraph 53)

Formal Minutes

Wednesday 18 May 2011

Members present:

Miss Anne McIntosh, in the Chair

Tom Blenkinsop
Thomas Docherty
Richard Drax
George Eustice
Barry Gardiner

Mrs Mary Glendon
Neil Parish
Dan Rogerson
Amber Rudd

Draft Report (*Implementation of the Common Fisheries Policy: Domestic Fisheries Management*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 53 read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 8 June 2011 at 2.30 pm]

Witnesses

Wednesday 9 March 2011

Page

Barrie Deas, Chief Executive, National Federation of Fishermen's Organisations, and **Jeremy Percy**, Chief Executive, New Under Ten Fishermen's Association

Ev 1

Wednesday 16 March 2011

Richard Benyon MP, Parliamentary Under-Secretary of State, **Isabella Murfin**, Head of Access to Fisheries, and **Gavin Ross**, Deputy Director, Sustainable Fisheries, Department for Environment, Food and Rural Affairs (Defra)

Ev 19

List of printed written evidence

1	New Under Ten Fishermen's Association Ltd (NUTFA)	Ev 29
2	National Federation of fishermen's Organisations (NFFO)	Ev 31
3	Department for Environment, Food and Rural Affairs	Ev 34

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/efracom)

1	Mr Duncan Grant, Croesco (Lydd) Ltd	Ev w1
2	Northern Ireland Assembly Committee for Agricultural and Rural Development	Ev w2
3	Mr Stephen Nuttall, Hastings, East Sussex	Ev w3

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–11

First Report	Future Flood and Water Management Legislation	HC 522 (HC 922)
Second Report	The Marine Policy Statement	HC 635
	The Marine Policy Statement: Government response to the Committee's Second Report published as an Un-numbered Act Paper on 17 March 2011	
Third Report	Farming in the Uplands	HC 556 (HC 953)
Fourth Report	The draft National Policy statement (NPS) on Waste Water	HC 736
Fifth Report	The Common Agricultural Policy after 2013	HC 671
First Special Report	The National Forest: Government response to the Committee's Fourth Report of Session 2009–10	HC 400
Second Special Report	Dairy Farmers of Britain: Government response to the Committee's Fifth Report of Session 2009–10	HC 401

Oral evidence

Taken before the Environment, Food and Rural Affairs Committee on Wednesday 9 March 2011

Members present:

Miss Anne McIntosh (Chair)

Tom Blenkinsop
Richard Drax
Barry Gardiner

Neil Parish
Amber Rudd

Examination of Witnesses

Witnesses: **Barrie Deas**, Chief Executive, National Federation of Fishermen's Organisations, and **Jeremy Percy**, Chief Executive, New Under Ten Fishermen's Association, gave evidence.

Q1 Chair: Gentlemen, good afternoon and welcome. Just for the record, could you each introduce yourselves and give your titles?

Barrie Deas: I am Barrie Deas, I am the Chief Executive of the National Federation of Fishermen's Organisations.

Jeremy Percy: My name is Jeremy Percy and I am the Chief Executive to the New Under Ten Fishermen's Association.

Q2 Chair: Thank you. For clarification, could you explain what the remit of each organisation is?

Barrie Deas: The NFFO is the representative body for fishermen in England, Wales and Northern Ireland—for fishermen of all types, shapes and sizes, with all classes of vessels and all gears.

Jeremy Percy: The New Under Ten Fishermen's Association is the representative body specifically for that section of fleet that is under 10 metres in length. We specifically cover England and Wales.

Q3 Chair: Is there evidence at the moment that some of our traditional fish sources are moving away from our shores?

Barrie Deas: Climate change is having an effect but I think it would be too simplistic just to say that there is a migration away from our shores. There is some sign that the centre of gravity of cod populations has moved a bit northwards but I don't think it is true to say that that is the fundamental reason for problems with the cod fishery. There are also species turning up in bigger numbers that were previously rare visitors to our waters. Squid and red mullet, for example, seem to be more abundant but it is a bit early to say how the complicated interplay of climate change with fish stock migration is playing out.

Jeremy Percy: As Mr Deas says, there is evidence of movement but how clear it is for some stocks is still debateable. Some of the stocks I am thinking specifically of are things like spider crab, some of the bream family and triggerfish. Certainly spider crab would not have been seen in our waters a couple of decades ago and now they are almost a pest species, but fortunately a pest species with a relative value on them. Undoubtedly there are changes occurring but it is very difficult to quantify.

Q4 Chair: The emphasis is very much on sustainable fisheries but do you think we can educate the consumer to broaden their choice of fish and eat fish that are not considered popular or fashionable? Could we educate people to eat those fish?

Barrie Deas: In general terms yes, but in practical terms it is quite difficult to do. A particular concern of ours has been the scare stories focussing on the consumption of cod because North Sea cod, West of Scotland cod and Irish Sea cod had stocks facing depletion and serious conservation measures have been put in place. However, it does not really make sense to put consumers off eating cod because those fisheries have only ever provided a tiny fraction of the cod consumed in this country. The really big cod fisheries: Iceland, North Norway, Bering Sea, and even the Faroes are where the bulk of the cod has always come from and I just cannot see what the connection would be. I am sure that consumers want to eat ethically and sustainably but in practice designating which stocks are to be given the green light is a very, very complex task. So far any of the red, green or amber lists that we have seen have not really been up to scratch.

Jeremy Percy: I think a key element here is that the species you mentioned, generally termed under-utilised species are very often discarded purely because there is not a market for them; they are not popular or known by the consumer. I was a poor fisherman for many years, operating longlining and when times were hard we ate the bait, which was generally squid or herring. There are a number of opportunities to encourage and educate the public about the under-utilised species. I don't think they can take the place of the main species that Mr Deas refers to but I do think there are opportunities for the fishermen and the consumer. Very often these fish are discarded back over the side, not because there is no quota for them or they have to be discarded for regulatory reasons but because there is effectively no market and the cost of gutting and icing them, carting them up and down the boat and putting them ashore is not really worth it.

We seem to be in the age of celebrity chefs and there are a number of very good examples where celebrity chefs have raised the profile of some species that were previously used for nothing more than bait. Red

9 March 2011 Barrie Deas and Jeremy Percy

gurnard is an example of this, which until quite recently was what was generally called a rubbish fish and was used as bait for lobster and crab pots. Since one of the chefs, I cannot remember who, highlighted it in one of their programmes the demand and therefore the price for it has gone significantly upwards. There are opportunities for a range of other species that are currently discarded and there is a project, Fishing for the Markets, managed by Defra that focuses very much on this element. As I said earlier I don't think it is going to take the place of the main species but I think it could make quite a significant contribution.

Q5 Chair: Do you think there is anything you could learn from what is happening in Iceland?

Jeremy Percy: In what respect?

Chair: In the way that, if I have understood it correctly, they separate out those that fish in small boats within the 12 or 13 mile limit and those that fish without, and the penalties that they impose for those that breach the rules that are in place.

Jeremy Percy: If we are following on from the previous question then I think there are two separate elements. When you look at the cost of a vessel, irrespective of size, then obviously anything that you go to the expense of catching, only to throw it back over the side, is a waste not only in resource terms but also in economic terms. A large beam trawler has quite a significant quantity of discards, as do some small vessels. So really it is a problem further down the supply chain that needs to be addressed first to then come back up the chain to the fishermen themselves, so they no longer feel the need to discard them and they are getting a better return from what they have already caught. I think a key element is that these fish have already been taken, they have already landed on the deck and the large part of them will already be dead by then anyway, so it seems an entire waste to throw them back over the side when we can be doing things with them. As I said, there are any number of examples of that.

Q6 Chair: Mr Deas, would you like to make a comment or do you agree?

Barrie Deas: I am a little bit surprised by the reference to Iceland. Normally, when Iceland is referred to, it is in terms of their system of individual transferable quotas, ITQs. Certainly, getting the balance between the large vessels and the small fleets has been a big issue there. Of course Iceland has one big advantage: they can fine-tune their fisheries arrangements to meet their own requirements without having to go through Brussels. That is an advantage, but whatever the arrangements are and whatever we think of those, it certainly is a reality that when you have shared stock and shared management things get much more complicated.

Q7 Neil Parish: I think I am right in saying that 70% of fish that is landed in Newlyn very often gets transported by lorry to Spain, because it is the type of species of fish that we do not necessarily eat. So anything that celebrity chefs and others can do to get a greater use of that fish would be better. I also think

that, whatever the situation vis-à-vis cod, the cod stocks are under pressure not only in our waters but internationally. So I would have thought that if we can persuade people to eat some other types of fish it may not be altogether bad.

Jeremy Percy: I completely agree with you but I think there is a marketing element here. If the fish are shipped to Spain it is because the fishermen will get a better return for it and until you can encourage UK consumers to eat something that has either pulse or eyes, then I think that is always going to be a problem. However, you are quite right that there are opportunities for a more locally-based approach.

Q8 Amber Rudd: I would like to ask about the report from the Sustainable Access to Inshore Fisheries Advisory Group (SAIF), that came out in August last year. Could I ask each of you to comment on how far you agree with the broad direction of the recommendations from the advisory group?

Jeremy Percy: I think SAIF was something of a curate's egg, there were some very good bits and there were some bits that caused disquiet amongst fishermen. The important thing to say at the outset, as far as SAIF is concerned, is that it has formed a useful foundation for further debate and discussion. Mr Deas' organisation, my own and the producer organisations had a series of working groups with Defra, implemented by the Minister in recent months, to try and move forward the more general ideas that were talked about in SAIF. SAIF was right in identifying the need to reduce, or at least address, the capacity issue. Overcapacity, which is a phrase that is bandied about quite often, is little understood. Overcapacity can be too many boats, too few fish or not the right access to the right sorts of fish. SAIF also suggested that there should be a rebalancing of the allocation of quota across the whole fleet; I think we will probably deal with that in the fullness of time here, and they did suggest a decommissioning scheme. Now, in recent years I believe Defra has spent something in the order of £126 million in decommissioning for over-10m vessels and just short of £5 million on under-10m vessels. The concern we have now is about trying to find public money to fund a further decommissioning scheme in the current economic climate. The benefits for the over-10m fleet were in some ways undeniable; it reduced the fleet numbers by over half. At the same time, although public money was paid to get rid of the boat and the licence, the fishermen concerned were allowed to retain their quota and their access to fish. So the amount of fish available was made available to a far smaller number of vessels and therefore they had access to more fish; it had a very serious benefit to them. That, if for no other reason than fairness, should be the same approach the Government takes if they were looking at capacity in the under-10m fleet to rebalance things.

My concern is the economic situation that I have mentioned already. There is no doubt that there are concerns from everyone about the latent effort. Those vessels are there, they have a licence and they have a right to fish but they are not currently fishing because of a whole range of reasons. If things improved or

9 March 2011 **Barrie Deas and Jeremy Percy**

there was more quota available then you are likely to attract more into the fleet, especially the under-10m fleet, with a subsequent reduction in the slice of cake overall.

So SAIF is right that it needed to be addressed, they suggested a public decommissioning scheme and it would be very welcome.

Q9 Amber Rudd: Fair enough. Mr Deas, do you have any comments on the SAIF recommendations?

Barrie Deas: I think SAIF did some useful ground-clearing work. It made clear that effort control, that is restrictions on days at sea, was not the solution for the small boat fleet. It was useful in providing a statistical base that we did not have before to understand precisely what was going on within the under-10m fleet. It was useful insofar as it pointed out the high catches of a limited number of vessels; vessels that, although they are under ten metres in length, have characteristics much closer to over-10m vessels. That was useful. I entirely agree with the point Jeremy is making about the capacity issue and the failure to address that over a number of years for the under-10s, in the way that it has been addressed for the over-10s. So I think it did ground-clearing work but I don't think the project really got very far down the road to a realistic solution to the problem. I do not think there is a single sword that will cut our way free; we require a package of measures.

I also agree with Jeremy that the progress that made in the discussions in the working group, with the main industry organisations and Defra, has gone much further down that road, but using SAIF as a foundation.

Q10 Amber Rudd: Thank you. Mr Percy you have described some of the meetings you have had with Defra recently. Defra has said that they are going to be consulting on the changes that can be made to reform the domestic quota management system in this country. How confident are you that they are going to be able to achieve those reforms within a reasonable timescale?

Jeremy Percy: I suppose, as ever, it depends on both carrot and stick. In the discussions we have had, Defra has indicated that they might look at devolving quota management down to the lowest common denominator, and they have talked about community quotas. I am talking specifically about the under-10m fleet now. They would look favourably at giving small groups of fishermen their own quota. This is actually called a fixed quota allocation but we will call it "quota" for now.

At the outset that looks quite attractive and I have spoken to some fishermen who think that at last they will be the masters of their own destiny. I hope members will understand that at the current time the over-10m sector is managed by producer organisations who have the ability to be very flexible to reflect members' requirements and also, importantly, manage for the market as well as for fishing patterns. However the Marine Management Organisation, who are responsible for the under-10m quota, does it purely on fish stock grounds, nothing to do with marking at all, they specifically do not focus on that.

Defra has said that they can give fishermen their own quota but the problem is that, if you are either trying to bring everybody back together or to make a more sensible approach to quota management for under-10m vessels, then giving little bits of quota to individuals or small groups of fishermen will in fact be counterproductive. Producer organisations do what they do very well: quota management. To do that, you have to have people who are skilled at doing so and you have to employ them. To do that you have to have a critical mass of quota, so that the income generated from that fish is sufficient to employ a manager or manageress to be able to deal with those elements. At the same time POs have the ability to swap and to deal. It is not exactly a club but it is not far from it; they all work collectively together for the common good. They could, in my view, do it more efficiently and effectively but I am sure we could all say the same of our own performance.

There are significant opportunities, not by constricting—although obviously I am all in favour of devolving local responsibility to local folk—but you do need to maintain this critical mass. In order to do that Defra has made some outline ideas about a form of realignment of quota and reallocation. There are a number of examples where this could happen without necessarily being seen as robbing Peter to pay Paul.

Barrie Deas: I think that the proposed reforms, if they come out in the way we understand they will, are quite adventurous and quite interesting. I am quite encouraged by the direction. Defra has looked at the system of sectoral management by the producer organisations and have concluded that on the whole, although not perfect, it is a pretty successful example of rights-based management. That seems to be the way that fisheries are moving, not just in the UK or Europe but worldwide.

The problem with that is that, on the whole, the under-10s have lost out. They have not been allowed to move in that direction over a couple of decades and they have lost out, as we have already discussed, on decommissioning. They do not have the flexibility that the producer organisations have, of being able to do quota management that takes into account regional factors, gear factors, seasonalities or different fishermen doing different things at different times. The idea of giving that flexibility to the under-10s is a very strong and appealing one to me. Looking at the 160 high-catching under-10s and dealing with them in a different way is entirely sensible.

Where it is quite imaginative is in this idea of community quotas. I do not know about the practicalities of how you would do that, especially against the background of a top-down system that has really created a great deal of inertia amongst the small-boat fleets. I hope and will work for quota groups to coalesce and work collectively to manage their own affairs because I think that is where the future lies. It would be useful for us to look at what kind of support mechanisms and funding might be available for that type of enterprise.

I agree with Jeremy that this largely depends on critical mass, and the quota that is available has to work for these boats and has to be viable. Where will that quota come from? Our recommended approach is

9 March 2011 **Barrie Deas and Jeremy Percy**

that it should come through a decommissioning scheme in which the quota is redirected from vessels that are leaving the industry. The whole area of forced redistribution is a very difficult one, fraught with legal and ethical difficulties. If at all possible it would be best not to go down that road. However, the producer organisations will look at the consultation paper and make their own judgement. They want this issue settled, they want the under-10s integrated into the quota management system and they will make a judgement on the price that they are being asked to pay.

Q11 Amber Rudd: When we look at them from the outside sometimes, it does look a bit “them and us”. The producer organisations have the quota and the under-10s who, as we know, have so much of the employment in the area, just don’t seem to have enough to make a living. The way you would look at it is to try to get the Government to do the decommissioning in order to divide the extra quota and redistribute, is that correct?

Barrie Deas: Yes, but I don’t think redistribution is sufficient on its own. You also need the structural changes and for the under-10s to have the opportunity to manage their quota affairs in a parallel way to producer organisations. I think that is the key to it.

Q12 Barry Gardiner: You have already covered a lot of the ground that I know the Committee wants to cover, so forgive us if we seem to be taking you back a few steps but there are certain issues we want to get on the record and learn your views on explicitly. I want to focus my questions on the redistribution of quota to the small-scale fleet. Before doing that, can I get your clarification on some of the figures that we have floating around in our statistics and information sheets that we are supplied with? Is it your understanding that 88% of European fish stocks are now overfished and does that correspond to what your experience is from the members of your organisation?

Barrie Deas: This figure of 88% keeps popping up.

Barry Gardiner: I wanted to give you the opportunity to address it.

Barrie Deas: Perhaps the best thing to do is refer to a seminar organised by the European Commission last September at which the direction of European fish stocks was agreed to be moving generally in a positive direction. We are not in a downward spiral to extinction, despite the claims by some Canadian scientists that they have subsequently retracted. The general direction is an increasing number of stocks being fished sustainably over the last decade; that has increased and I think that is the main point to bear in mind.

Q13 Barry Gardiner: Again for clarity: is that because these are new stocks that are being fished and therefore one has not yet reached an unsustainable point in the exploitation of those stocks? Or is it because they are existing stocks that were in danger but that are now being fished sustainably?

Barrie Deas: I think it is the latter. These are traditional stocks that have been subject to recovery measures of various descriptions and are responding

to those measures. So the direction of fish stocks on the whole is upwards. That is the first time I heard the European Commission agree that that was the position, although I had heard it directly from scientists for some time before that. That is the background to all of this, which is there are stocks that are recovering. That is not to say there are not black spots: blue whiting may be a problem stock and bluefin tuna is certainly another example, but those are bucking the trends, according to both the scientists and the Commission.

Jeremy Percy: Lies, damned lies and statistics. There is no doubt that there are some stocks that are still on their way back up.

Q14 Barry Gardiner: Back up from what level? Were they overfished and are now recovering?

Jeremy Percy: There are a number of stocks that are undoubtedly recovering; of that there is no doubt. The concern we all share is that the science appears to be lagging behind fishermen’s observations.

This is one recommendation that has come from both my organisation and Barrie’s. We already engage in what they call Fisheries Science Partnerships, which are publically funded partnerships between the scientific community and the fishing industry. For years we have said that there should be a mechanism by which the observations of fishermen, albeit anecdotal, can be fed into the scientific side. Without any disrespect to our scientific colleagues, they see things as a graph with dots and crosses or as nothing. I have seen an increasing willingness of the scientific community to take on board the observations that fishermen have seen, not least because through the Fisheries Science Partnerships we have started to generate better ways of recording these observations. On a practical basis, there is no doubt that there are very significant quantities of fish in some areas that were not there for some years. I can quote some examples. There was an embarrassing situation with cod in the winter before last, even for the under-10m fleet, who were using passive gear that is probably most sustainable. Without trying to be too technical, they use a gillnet with a fixed mesh, it does not close up under pressure like a trawl net can do and they can use an 18-millimetre mesh for cod. I think they got up as far as 160 or 180-millimetre mesh trying to avoid cod, as they had effectively no quota for cod. Their quota was 15 kilograms a month; with due respect I can actually eat 15 kilograms of cod a month. However, they were unable to avoid it and these regulatory discards were shameful really to everyone concerned. You can imagine the pain fishermen were going through, not just the economic pain but resource pain as well.

I brought along *Fishing News*, which is our trade paper, and on the front page is a story about a pair team in the North Sea taking one year’s cod quota in just one haul. Now the point here is that the fish is on the ground, the total-allowable-catch quota is available within the UK for it to be taken and we have the means of taking it—they had 1,000 boxes of fish and I think they retained 100. However, because they had to have leased quota in to be able to land the fish legally, and the quota price they quoted was £1,600 a

9 March 2011 **Barrie Deas and Jeremy Percy**

tonne, they slipped it. Now that is shameful. 1,000 boxes at a minimum is 30 tonnes and at a maximum 50 tonnes of fish. That sort of evidence shows very clearly from on the ground that the fish stocks in many respects are recovering.

Q15 Barry Gardiner: Is it fair to say that when things are going down you are lagging behind the scientists and when they are on the way up the scientists are lagging behind you?

Barrie Deas: I can undertake to provide the Committee with the presentations that were given last September. These presentations were from the International Council for the Exploration of the Sea (ICES) and Scientific, Technical and Economic Committee for Fisheries (STECF), which is the Commission's quality control committee. These two presentations were fairly definitive in pointing out the general trends.

Q16 Barry Gardiner: The average catch limits have always been set at an average of 48% above what the scientific recommendations were by ICES, haven't they? I know this is the fault of the politicians, I am not blaming you, but it is our horse-trading that goes on.

Barrie Deas: I have heard that figure but if you think about the process, you have ICES that provides the biological advice, but then you have the Commission and the Council, who I suppose you could call the fisheries managers, and they have to take into account the realities of mixed fisheries as well as the socio-economic concerns that the industry brings to their attention. I think it is entirely appropriate that the Council of Ministers, in setting Total Allowable Catches (TACs), sets them at the level that they see fit—they are the fisheries managers—on the basis of fisheries' advice.

Q17 Barry Gardiner: Mr Deas, would you accept that the politicians have various constituency pressures on them when they are going into a negotiation? So you might not believe everything that the Portuguese Minister might say at a negotiation at the EU Fisheries Council before Christmas but you might have more faith in what our Minister might say.

Barrie Deas: I am certainly not defending the December process because I have seen enough of them to see what a circus it is. On the other hand, I think it is a legitimate role for the Council to play to take these mixed fishery issues and socio-economic concerns into account. Otherwise where else do they fit into the system?

Q18 Barry Gardiner: I think we would all say that socio-economic concerns must be taken into account; whether they should affect the total allowable catch would be another matter. Let me move on to the specifics because otherwise I am going to get rapped on the knuckles by our Chair. At the moment, the under-10m fleet, the inshore fleet effectively, has 4% of the catch, is that right?

Jeremy Percy: That is correct.

Q19 Barry Gardiner: What percent should it have?

Jeremy Percy: It depends on to whom you speak.

Q20 Barry Gardiner: I assure you Mr Deas is not listening, and nobody else is going to say anything out of this room, so you can tell us.

Jeremy Percy: My colleagues will tell you that prior to the introduction of the registration of buyers and sellers, where there were not the controls that there are now, the under-10m fleet were responsible for something approaching 40%.

Q21 Barry Gardiner: When was that historically?

Jeremy Percy: 2005 was the introduction of the registration of buyers and sellers so it was pre-2005. The problem we have had all along is that whilst over-10m boats carried log books and so on and so forth, under-10s were never obliged to do so. Individual fishermen kept records but when quotas were introduced and controls and the pool for under-10m boats then MAFF, in those days, the Ministry of Agriculture Fisheries and Food, did not feel the need to take on board the evidence that was there to be provided by the under-10s. Instead they relied upon the stratified sampling of option markets, etc. So I do try to veer away from very specific figures because, depending on who you talk to—as you will know very well—you get a different figure. There is no doubt that a very significant proportion of the capture of the UK was taken by the smaller sector of the fleet. That is history. We are in discussion with Defra etc now saying that there should be a reallocation; the figure is going to be determined through debate but it should be significantly more than the 4% it is now.

Q22 Barry Gardiner: Don't tell me you go into a negotiation without having a figure in your back pocket that you go out and show members afterwards?

Neil Parish: He is not going to tell you though.

Jeremy Percy: Thank you for that. Yes, you are entirely correct but at the same time you would not expect me to say what it was going to be.

Barrie Deas: I think the 4% figure is, if you will excuse me, a bit of a red herring; not least because it includes the pelagic species, which, in part of the migration pattern, are often well beyond the scope of the small boats. It makes a lot more sense to look fishery-by-fishery, stock-by-stock, identify the stocks that are of most interest to the under-10s and look at it in those terms. With sole 7D the under-10s already catch around 38% in the Eastern Channel, in the Western Channel it is 4%, so there's your 4%. With plaice, in the Eastern Channel they catch around 20%, in the Bristol Channel it is also about 20%.

Q23 Barry Gardiner: You are blinding me with figures but that is not going to help me with the policy. Of course, we cannot dispute the technical figures with you but tell me what the policy implications of that are.

Barrie Deas: The policy implications are that you ought to look at individual fisheries rather than the overall single figure that you are trying to extract from us and we are rather unwilling to give you. In some areas and in some stocks the under-10s have a greater interest than in other stocks. So it makes sense to sit

9 March 2011 **Barrie Deas and Jeremy Percy**

down and look at the particularities of each fishery. Then you can come to some sort of agreement about what the necessary adjustment might be.

Q24 Barry Gardiner: It makes for a very complicated system though, if you are trying to structure it. Who could you give the responsibility to do that to?

Barrie Deas: I don't see there is any other way. This is the way the TACs operate; if you are going to have a quota system you have a quota system for a particular area for a particular species; that is just the reality of it. There are 160 species in the UK. The UK is responsible for more species, simply because of its geography, than many other Member States.

Q25 Barry Gardiner: To whom would you give the responsibility for that allocation?

Barrie Deas: I think that what Defra has proposed, although we do not have much detail, is something between 0.5% and 5% reallocation, depending on the particular stock. We have not seen the rationale behind those and they may change before the consultation paper comes out. That is the kind of ballpark figures that we have been talking about. We have another meeting of our joint group coming up shortly and I think it is the responsibility of the industry and Defra to see how far we can go together to close the gap.

Jeremy Percy: There are a number of elements regarding where that fish comes from and why it should be moved. This is not simple either, as Barrie has said. There are fish that year-on-year are not fished by the over-10s. 7D cod, South Eastern Channel cod, is a good example of that. Boats there were desperate for it, it was their mainstay but they had very little quota there for it, just 15 kilograms a month during the winter, which is the peak of their season. 15 kilograms a month is not sufficient to warrant putting your gear upon your boat. That has an implication, if you are determining future quotas on the basis of track records. If a fisherman stands on the beach and thinks it will cost him £200 to go to sea and he will earn £100 and will need to pay his crew, then he is not going to go. Therefore his track record is going to be warped when it comes to determining future allocations.

Q26 Barry Gardiner: Let me get this clear: in terms of grandfathering or relative stability, you consider that has caused a number of problems?

Jeremy Percy: Relative stability is slightly separate.

Barry Gardiner: But it is the same principle, isn't it?

Jeremy Percy: The quota allocations were based on historic rights but time has shifted. So certainly with cod, for example, there is quite a lot of fish that effectively evaporates at the end of the year, that is held by producer organisations that do not and have not traditionally fished it in those areas. So there is no sense in them holding it at a loss, unless they can release it to under-10s, which is rather a thorny issue. So Defra's own rules of quota management at section 16 state clearly that where fish is needed by a particular sector, where it can be shown that it is not used by another sector, then it should be reallocated.

However, for reasons beyond my ken they have refused, year on year, to do that.

So there are already specific stocks that need, on a fishery-by-fishery basis, to be reviewed and looked at. The 0.5% to 5% debate is going to be an interesting one. In addition to that, there are other fish quantities floating about in the ether. Year on year, there are about 14,000 tonnes of quota species that are left unfished across the UK, both North and West coasts. There is an amount of fish that is held by the producer organisations that is leased back to the under-10s, which is a contentious issue to say the least. It is our view that if they do not need it then it should come to those that do. It is after all, in our view, a public, not a private, resource. However, that is a separate question. Thirdly, if you take the argument about a public resource, there is a very significant amount of fish that at the present time Defra either cannot or will not say who owns or holds, in the hands of quota traders. This can include anything from a fisherman who had a quota and sold his boats then leased out his quota to make an income without actually going to sea—generally called slipper skippers—right through to people like any other commodity trader, who acquire a quota and then sells or leases it out. Again, the example I used earlier very clearly illustrates the fact that as a nation we have a right to retain that fish but individual fishermen did not have access to it without spending £1,600 a tonne, against £2,000 a tonne to come back.

Barrie Deas: There is a lot in there. Under-utilisation is not in the interests of the UK fishing industry. Over the last decade, we have seen a move away from bureaucratic reallocation, where the fisheries department would say to the producer organisation, "You are not going to use that fish so we are going to take it back off you to redistribute". That approach was not without its own problems, for example regarding different seasonalities; producer organisations may have been retaining fish just before the Christmas market to maximise their income and would feel seriously aggrieved if it is taken off them. Having said that, the market mechanism on the whole has provided a more effective way of balancing capacity with quota; but that is not to say that it is perfect. That is the area we are talking about here. We would certainly be eager to look at ways to ensure that any surplus in the system should be first to be in the redistribution package. As I said, there has been a drift towards leasing and buying of quota. Without really intending we have drifted into a system of rights-based management with tradable fishing rights. I am not so sure that the quota trader issue is as significant as Jeremy suggests. The last time this was looked at in the context of a Licence Review Group it was something under 9%. Whether that has changed I do not know, but all trading takes place at the margin. Most quotas are used by the people that are allocated to them. So it is important to understand that is the context in which it takes place.

Q27 Neil Parish: Mr Deas, I want to press you a bit further on the decommissioning scheme because the country is not exactly awash with money at the moment, as you have probably noticed. Therefore,

9 March 2011 **Barrie Deas and Jeremy Percy**

how practical is it to get a state-funded decommissioning scheme? I will give you all three questions at the same time. What happened previously to the boats that were decommissioned and the quota that they were using? Finally, do you actually think that this will be the answer for the shortage of quota for the under-10m fleet?

Barrie Deas: I think the first decommissioning scheme was in about 1993. With this the Government retained the quota, redistributed it pro rata and the licensing vessel was scrapped.

Q28 Neil Parish: I am asking across all the big boats basically, because the under-10m fleet would not have had a quota.

Barrie Deas: The under-10s would have had a pro rata share. After all the subsequent decommissioning schemes, the quota was given to the vessels to dispose of. The rationale behind that was that it reduced the level at which fishermen would accept the scrapping of their vessel and licence, so it was cheaper for the Government to do it. I fully accept the point that you make about public expenditure, but I think the argument in favour of a new decommissioning scheme is that the problems facing the under-10s are largely a result of government policies. So the Government has a duty to help us sort it out. I think of a decommissioning scheme as a means to secure a balance between capacity and available quota in the under-10s, given that in the over-10s, depending on which part of the country you are, we have seen a reduction of between a third and two thirds of the size of the fleet. We could be having this discussion about the over-10s had we not had that decommissioning scheme, because the only way there is any kind of fit between the over-10m quotas and the fleet is because we have had that capacity reduction.

Q29 Neil Parish: Sorry to interrupt but can I press you further? Governments of both persuasions have been dealing with this and I am not entirely convinced that it is necessarily altogether about government. There is only a certain amount of fish and that has to be shared around. You have decommissioned boats but in my view you have still caught as much fish as you caught before. This has happened all across Europe and very often the engine sizes on the boats are bigger, the equipment is better and therefore you can catch more fish. What is the point of the state funding decommissioning if at the end of the day you catch just as many fish but with fewer boats?

Barrie Deas: Because vessels that have been scrapped on the whole do not catch fish.

Q30 Neil Parish: No, that is not my argument. My argument is: how many fish did you carry on catching? Was it the same amount as you were catching before with fewer boats?

Barrie Deas: This is a complicated issue, but one strand of it is that you brought the UK fishing industry into compliance with the total allowable captures, along with a number of landing controls and Buyers and Sellers Registration; these were very big changes. I think that doing it for that alone was probably worth the money. I also think that the decommissioning

schemes in the UK, Denmark, France, the Netherlands and Belgium are the reason why we have a cod stock that is recovering. So there is a very strong conservation argument for a decommissioning scheme, apart from the distribution points that we are making. So you now have a compliant industry and a recovering stock. I think that decommissioning and capacity reduction has played a very central role in that.

Q31 Neil Parish: There has been capacity reduction with the decommissioning of boats; is that what you are saying?

Barrie Deas: Absolutely. Something between a third and two thirds of the tonnage of the over-10s has gone, depending on which bits of the coast you look at. The under-10s had access to one single limited decommissioning scheme in 2009, worth £5 million.

Jeremy Percy: One small point to add is that the other additional benefit is profitability. At the moment, as Barrie quite rightly says, although the over-10s will tell you they are having quite a hard time they are actually quite profitable businesses at the moment. The same cannot be said of the under-10s and this does need to be addressed.

Q32 Neil Parish: Playing devil's advocate, why is it necessary that the Government has to fund the scheme? You are all fishermen together, you are all going out to sea; why can't there be more equitable sharing of the fish between the large boats and the smaller boats? That may be a very naïve question.

Jeremy Percy: With the greatest respect, maybe it is. As Barrie said, to put it bluntly, the situation is not one of our own making. We are tied into a system created by your predecessors over many years. It has effectively been privatisation by stealth, which has disenfranchised the under-10m fleet. At the moment there are members of my organisation who are allowed to catch 1.5 kilograms of fish a day on their quota. Now that is impractical, but these are people who can very often trace their fishing families back hundreds and hundreds of years. I think it is unacceptable that the Government can wash their hands of the mistakes they have made, especially because for years we told them what the mistakes they were making were and what the solutions were, and they were ignored.

Q33 Chair: Mr Deas, when you say the quota is given to the vessel to dispose of, has any of the quota been given to other countries? For example, are Belgian fishermen given this quota to fish in our waters?

Barrie Deas: My understanding is that in Belgium they work a rather different approach; they have much fewer vessels and they are all of pretty much the same type—beam trawlers. So there, if you get rid of a third of the fleet, there is just more quota to go around. In the UK, it is a much more complicated system, which is probably why we have delegated responsibilities to producer organisations in the first place. That is a response to the complexity of the quota arrangements that we need.

9 March 2011 **Barrie Deas and Jeremy Percy**

Q34 Neil Parish: I have one final part of my question to ask Mr Percy. If we had another decommissioning scheme, are you confident that that would help the under-10m fleet? Are you sure that quota will come to you?

Jeremy Percy: That is entirely up to your good selves. If you are paying the money you call the tune. If you look at past history then I think that if there is a decommissioning scheme, one would expect that quota to be retained in what would be a much smaller fleet. Therefore, it would be made more profitable and more effective as a community resource.

Q35 Neil Parish: Mr Deas, you did not actually say how much you thought a scheme of decommissioning would cost.

Barrie Deas: It obviously depends on the scale of the decommissioning and the ambition. I think a lot will hang on the figures when we get down to this issue of redistribution. There is not anything between Jeremy and me when it comes to the need to make the under-10m community quotas work, the issue is where the quota comes from. I don't have a figure, but what I do think is that the design of the decommissioning scheme and the conditions that are associated with it are absolutely critical. You can have a good decommissioning scheme or a bad decommissioning scheme but if you target it properly with appropriate conditions it can deliver the benefits that we are looking for.

Q36 Chair: Can I just ask my question again? Has any of the UK quota gone to other countries?

Barrie Deas: No.

Jeremy Percy: No, at the moment—

Barrie Deas: The decommissioned quota would not go to other countries.

Q37 Chair: So any allegations of that nature would be completely false?

Barrie Deas: On an ongoing basis there are international swaps going on all the time, where we want something the French, for example, have. That is one thing but a decommissioned quota would go to the vessel owner.

Q38 Barry Gardiner: Yes, but then they can sell it on, can't they?

Barrie Deas: Only within the UK, because of relative stability.

Jeremy Percy: At the moment you are not allowed to have international—

Q39 Chair: That is the case for within 12 miles but over 12 miles they could.

Barrie Deas: There is a situation where a company and vessel licences could be bought, and that is where we get into the quota hopping area we have discussed here many, many times. I think that is an entirely dead issue.

Q40 Amber Rudd: I just want to ask again about the decommissioning of the under-10s. Mr Percy, do you think it is something that would be welcomed at all by members of your organisation? Obviously one of

the aspects of addressing the balance that we are trying to discuss is some sort of reallocation of quota or some sort of additional quota, but would decommissioning addressing the under-10m group be welcomed?

Jeremy Percy: I think undoubtedly. As long as it was an integral part of a wider package, not necessarily all funded, but as you have already heard there are some opportunities of reallocation. I think a focussed decommissioning scheme would be very welcomed by some. It almost comes down to individual owners and skippers; there are some young fishermen who would welcome a decommissioning scheme because it would make their vessel more profitable if they had access to more fish. There are some older or more disenchanted fishermen who would take the opportunity to get out of business, which would give that extra fish to those that remain. So as long as it's part of an overall package. I have to say the discussions we have had with Defra to date there does seem to be a very positive approach, and like Barrie I have dealt with Defra on and off for many years. We do not agree with everything they are suggesting but there are some very positive noises coming from them, which is heartening.

Q41 Barry Gardiner: You mentioned older fishermen who may take the opportunity to get out of the business. Many of those older fishermen would be getting out of the business anyway because they are getting older and need to get out of the business. Why should the public purse boost their retirement pot?

Jeremy Percy: I think maybe using the phrase "older" is misleading.

Barry Gardiner: It was your phrase.

Jeremy Percy: Yes I admit it; I made the mistake of using "older" as a general descriptor. I gave the example earlier of fishermen who are trying to make a living on 1.5 kilograms a day of quota fish, or 50 kilograms a month of some species. You will get a range of responses within the industry.

Q42 Barry Gardiner: Please answer the question. The question is: there are people coming up to retirement, who fully intend to retire, and if a scheme like this comes in they will piggy-back onto that scheme to boost their retirement, won't they?

Jeremy Percy: Of course there will be some who do that.

Barrie Deas: I think the answer is that the licence will be recirculated, and possibly the vessel will be as well.

Q43 Barry Gardiner: The quota will be recirculated?

Barrie Deas: With the decommissioning scheme the licence is extinguished and the vessel is scrapped. What happens to the quota depends on what you do with it. We are arguing that it should be used to support these community quota groups in their early days.

Q44 Barry Gardiner: I understand that, Mr Deas, but there are two issues here. One is about the decommissioning of the licence and vessel, and the compensation that would be paid to somebody who

9 March 2011 **Barrie Deas and Jeremy Percy**

says, "Here is a vessel—I am putting it up for decommissioning". This would be paid even though they would have had to get rid of that vessel on the open market anyway, without the benefits of the package that the Government would then put in place. Or should I say, the package the taxpayer would then put in place. What you are talking about, quite rightly, is how the quota for that allocation is then redistributed. That is another matter that needs discussion and I understand that.

Barrie Deas: I think the Government's interest is in a functional quota management and fisheries management system. What we are trying to do is find a way through to a functional system. Taking capacity out helps secure the balance between capacity and the available quota, it makes that balance happen. Without it, it is hard to see where that balance is going to come from. Without that balance you have problems of compliance and problems with profitability.

Q45 Barry Gardiner: With respect, you are not disagreeing with the fundamental assertion that I am making, which is that there will be people coming up for retirement who will take advantage of the taxpayer's generosity to boost their retirement through such a decommissioning scheme.

Barrie Deas: There will be such people in that category.

Barry Gardiner: Exactly, thank you.

Q46 Tom Blenkinsop: How far do you support an extension of the rights-based management approach in the inshore fleet and what safeguards would you introduce?

Jeremy Percy: That is a very wide question but I will try and be brief, Chair. There is clear evidence from other countries that have introduced a rights-based management scheme, where it is a small-scale sector that has often suffered the most. As we do not have the resources, the temptation to sell up and go is significant. That is because of the system we have been placed in, not of our own making. I don't want to labour the point but the situation we are in is not of our own making and there have to be ways through it. If you just let a fleet go to the wall, people will go bankrupt, houses will be lost and so on and so forth. If you introduce a rights-based management scheme, it has to have a number of controls.

First of all, you need to ensure you have a legal right to do so and I made something of that in my written submission to the Committee. There are some quite serious questions over the legality and the ability of Government to do what they might want to do with rights-based management. There is a big argument about property versus public resources and the way that it is being dealt with, certainly in the past. Just because it is the status quo and has been for some time does not mean that it is necessarily legal or should continue. If a rights-based management system is introduced then certainly, from an under-10m perspective, evidence from other countries has shown that despite the best intentions that sector of the fleet has been denuded. I provided an annex in my written submission to a paper from Danish fishermen where this had been introduced some time ago and it

decimated the inshore fleet. So there needs to be a serious valve to stop some well-resourced larger interests buying up inshore space.

Secondly, there needs to be controls about the individual aggregation within that sector of the fleet. Again, what you are trying to achieve, apart from profitability, is the ability of local fishermen to work locally. Where this is a significant difference between the sectors is largely that the under-10m sector cannot go anywhere else. They cannot steam off 100 miles to find fish, or if they have quota here they have to stay where they are and they have to fish the quota they have.

So it is important that they have sufficient quota and, as I said earlier, the critical mass to ensure they can do some swaps and deals to bring in fish. At the moment, because of the way the whole quota system is, you have owners of vessels in the north of Scotland who have quota rights in the South East of England. Looking again at 7D cod, there is the Wales and West Coast Fish Producers' Organisation, which is uniquely a producer organisation specifically for what are called flagships. These are Spanish-owned vessels working on the British register. They actually own 9.3 tonnes of 7D Eastern Channel cod but they have no physical access because they are not allowed to fish there. So we need to get away from this business of quotas not being where the fish are.

There do need to be significant controls, both in terms of the legal ability for the Government to make a rights-based system—Defra are undoubtedly going in that direction so they need to ensure they have the legal right to do so—and ensuring the fish stays where it is needed by those local communities and is not just allowed to ebb away or be bought away by bigger interests.

Barrie Deas: I think that rights-based management is at the core of the thinking within the reform of the Common Fisheries Policy and there are successful examples of it in other countries abroad. We have drifted into a type of rights-based management through ad hoc, pragmatic changes to the licence and quota arrangements. It does seem to work quite well for the over-10s. It is something that provides flexibility, along with this delegated responsibility that is at the heart of the quota management system in the UK.

From an entirely personal point of view, I would like to see that developed and I would like to go much further in terms of reform of the Common Fisheries Policy and a move away from micro-management towards delegated responsibilities within certain safeguards, guarantees and controls. Giving that kind of approach some permissive support within the Common Fisheries Policy is the way forward.

Jeremy is quite right that you cannot just move to a system of tradable quotas without certain safeguards, or you are going to end up with the largest financial players concentrating ownership in their hands. There are actually some controls already in place for the under-10s called underpinning, which were a very good idea at the time. The problem was that they were introduced a little bit too late. Had underpinning been put in at the right stage I think we would be telling a different tale here today. It is the same principle,

9 March 2011 **Barrie Deas and Jeremy Percy**

which is a one-way valve in which under-10s could purchase quota from above—from larger vessels—and from each other, but they could not sell to the larger vessels. I think that would provide the kind of safeguard that was necessary. If we did not get it right the first time we would have to make sure that we monitored it very closely. My understanding is that the Defra proposals will establish something called foundation quotas. So for these community quota groups who will get their fixed quota allocations, or FQAs; that will be their foundation quota and what they will be trading on. You cannot sell the FQAs, you can have year-on-year trade, you can sell your quota for a year, but it would come back. It is a bit like relative stability, it always goes back to zero at the year-end.

Q47 Tom Blenkinsop: I think you have both already answered this question in part, but in your opinions is it acceptable for quotas to be held by people other than working fishermen?

Jeremy Percy: The short answer is no. I think I have made that clear. It is not just a commodity, it is the lifeblood of the fleet, whether it be over-10m or under-10m. We do not have the ability to purchase it per se, but even for my over-10m colleagues something like 30% of a vessel's grossing now goes on leasing costs in order to make it profitable. So by the time you add another 30% to 35% for fuel you are looking at almost 70% of the grossing you have been out to catch going to fuel and leasing costs for quota going to some quota manager or other. I do not think that is acceptable at all and it is only going in one direction. It has all sorts of spin-off problems, not least that you then have difficulty attracting local crews. So you have a significant increase in the use of far-Eastern labour, which is happening across the board, which again removes the financial benefits to that fishing effort, as it does not come back to your local community and tends to go off across the world. So the short answer is no.

Barrie Deas: I would say that if you look at those 30% leasing costs, the question that would occur to me is: what percentage of that is quota traders and what percentage of it is a vessel that is tied up and not using its quota at the moment but will be using it again? I am not clear what that is. So I think that leasing quota trading provides a function. It is not perfect but the alternatives of the kind of micro-management system of centralised control is not particularly appealing either.

I would agree that the bulk of quota ought to remain in the hands of active vessel operators, we are agreed on that. At the margins, as long as it stays within the margins, I think there is scope for quota trading and leasing. What is not appealing is for a quota to drift into the hands of a few operators—supermarkets for example. That would not be a particularly attractive outlook from our point of view.

Q48 Chair: Could I just ask for clarification? When you talk about a move to delegated management is that what we used to call regional control?

Barrie Deas: Regional management would be a step in the direction of delegated management, but I would

like to see it go much further. Producer organisations are already managing their quotas. They are fine-tuning their quota arrangements for the seasonality and regional specifics of their vessels. Why couldn't you do that with technical conservation rules? It would require a very big change and instead of the Common Fisheries Policy being managed through prescriptive micro-management you would have a contractual relationship between, for example, a producer organisation and the authorities, based on, "This is how you will manage our fleet over the next three to five years—covering technical conservation measures, discard reduction and seabed impact—and we will fish sustainably according to these rules". You would have to have that approved, it would be developed with scientists and economists and the key to it would be the audit. The producer organisation or other fishermen's grouping would be audited against their own sustainable fishing plan. To me that offers a much more appealing vision of how fisheries management should apply in the future than this continued failed system of micro-management, which promises a lot but never seems to deliver what we want.

Jeremy Percy: Not every small boat fishes inshore and not every big boat fishes offshore. Generally speaking that sort of localised management under the umbrella of the CFP and down to the Member State and so on, especially now with the creation of the IFCAs—the Inshore Fishing and Conservation Authorities—where they have got responsibility for fisheries management. If a local group had responsibility for quota management—and the two should not be confused—then certainly there are potentially very significant benefits to that sort of management approach, not least because of the forthcoming position of a suite of Marine Protected Areas.

One of the discussion points we have been having with Natural England and everybody else is the fact that no one size fits all. A lot of the way that you can define a fleet is not through its length or its engine power but in terms of the impact of its effort. For instance, on a local basis you could say that, "This is a nursery area and has lots of small fish so you cannot fish there unless you either use a passive net with larger meshes, or larger meshes and a small trawler." There is a whole range of management initiatives that can do it. Through the system that will hopefully be implemented post-2012 there will be this delegation of responsibility against an audit, as Barrie quite rightly says. It will hopefully give us the opportunity—and from my perspective, I am quite looking forward to it—to talk to fishery managers and have greater control of quota management and to really marry the two, to the benefit of all concerned.

Q49 Chair: So you both are agreed?

Jeremy Percy: Yes.

Barrie Deas: Yes.

Q50 Amber Rudd: Can I ask about unused quota allocation? Given that Defra has the power, as far as I understand it, to allocate what is unused but they don't, do you think that they should consider doing

9 March 2011 **Barrie Deas and Jeremy Percy**

so, in order to provide some sort of capacity as an interim measure perhaps—given this moment of difficulty for the under-10s?

Jeremy Percy: The discussions we have been having with Defra have led down that path. They are now talking about a small percentage reallocation of that.

Amber Rudd: Of the unused?

Jeremy Percy: Yes, but in the short term we have been asking for that reallocation on an almost boringly constant basis for the last 12 months. It did seem, and remains a nonsense to my organisation and to fishermen that they can be sat on the beach with a mortgage to pay and crew to pay, yet unable to fish the waters literally at their doorstep, where there is quota available and Defra's own rules of management say that it can be reallocated to those that need it. The reallocation is only on a yearly basis, it is not going to be anything terrifyingly permanent. So I think there is a very serious opportunity for people like producer organisations. I have to say the Minister made the same plea to producer organisations at the outset of these discussions and I am disappointed, along with him, by the certain lack of generosity of spirit in that respect. We do not expect owt for nowt, but where fish and quota are going to waste and where fellow fishermen, irrespective of the length of their boat, need them and without them they will go under, then I think some element of redistribution would be entirely appropriate.

Q51 Amber Rudd: Mr Deas, what do you think about that?

Barrie Deas: I think it is hard to defend unutilised quota, especially year on year. If the market mechanisms fail then probably Defra does have a duty, as it says in the quota management rules, to reallocate. As I said earlier, the practice of reallocation can be difficult but I think the stocks we are talking about here are fairly clear cut.

Q52 Amber Rudd: What do you put the fact that they don't down to?

Jeremy Percy: That is an extremely good question, which I have failed to get the answer to myself.

Amber Rudd: We will be putting that to the Minister.

Jeremy Percy: There does not seem to be any sensible reason why not to, as Barrie says.

Barrie Deas: Clearly there is some kind of inertia in the system.

Q53 Barry Gardiner: Again, let me outline the area that I want to talk about and then let me go into it. It is about the use of social and environmental criteria in the allocation of Fixed Quota Allocation (FQA). Mr Percy, you talked about families who have fished for generations and generations and the importance of this in terms of social stability, social function and so on. The allocation at the moment is predominantly based on a historical basis and I take it that we would all accept that what we want to achieve is a thriving fishing and fishers' community that is sustainable into the future. I cannot see that there is any disagreement between any of us on that. Therefore, the rights of the fishermen of today to exploit the natural resource—that is the common resource—bring with them a

corresponding duty to ensure that a similar opportunity to exploit that resource in equal measure is available generations hence. That implies that there must therefore be environmental limits on the quota as well because you have to make sure the quota is a sustainable one and the stocks are sustainable.

We have talked about the importance of the social and the importance of the environmental; where would you place those criteria? Then let me ask you a further question: in the allocation of quota, why should the social dimension actually have to be accommodated from the allocation of quota? Could that social dimension and the importance of maintaining those communities be allocated in some other way? After all, there are other communities that have had to be in transition, but are there other financial support mechanisms that should be operating alongside quota criteria? Does that then leave us simply with environmental criteria as the distribution method for quota?

Barrie Deas: We already have something along these lines, where environmental or good fisheries management criteria are used to provide additional quota. This is the catch quota project, which in return for vessels demonstrably providing full catch documentation they can receive additional quota. That is not just landing documentation but discards as well, including not discarding cod, and the formal documentation method is CCTV cameras. So that is a step in the direction that you are talking about.

Q54 Barry Gardiner: Of course that is an additionality—

Barrie Deas: Exactly.

Barry Gardiner: Whereas what I am talking about is the fundamental element.

Barrie Deas: That is where it gets very difficult to rob Peter to pay Paul, especially when you get down to specific cases and the justification for removing quota that people believe is theirs by right. Whether they have legitimate expectations and whether that is soundly based could be argued but that is certainly the belief. To move away from that would certainly undermine the business plans of a large number of vessels and cause the banks to take a second look at it all. I think we have to move very gently and very carefully and I think that is what the catch quota is doing in rebuilding cod stocks and reducing some of the 38,000 tonnes of cod discards in the North Sea. However, it is not appropriate for everyone, every class of vessel, every circumstance or even every sea area. You need horses for courses and different approaches. I think the principle is a good one: that good practice is rewarded. The industry is broadly aware that we know where we need to go, which is to a low-discard fishery, and a fully documented fishery. It is a case of getting there with the least disruption that we can.

Jeremy Percy: The suggestions, in terms of looking at environmental and social criteria, have really come from the disenfranchisement that you have already heard about regarding the track record and the way that quota was previously allocated. On top of that, as I mentioned, we have the Marine Protected Areas, so

9 March 2011 **Barrie Deas and Jeremy Percy**

there is a much clearer focus on the environmental and the social elements, certainly of inshore fishing.

It seems appropriate, within the aforementioned package approach that we are developing with Defra, to give consideration to access based on environmental and social criteria. As I mentioned earlier, the producer organisations already have the ability to manage quota for the purposes of marketing, which is basically to get a best return from it. Being able to look at the social elements of fishing and the input back to local communities is important. Providing support where there is very often either no or very limited employment opportunities and where the support for the small-scale fleet, which tends to have a greater percentage of local employment than the offshore does, I think would be laudable objectives.

I think that a blind reliance against the background of a fresh approach by Defra, from a newfound approach by the various organisations represented from various sectors, mean it would be short-sighted not to give consideration to these elements. In terms of environmental elements, I think that is particularly relevant for what is primarily an inshore fleet, where access to fishing should be considered against the impact. One of the problems we have had within the Common Fisheries Policy debate is about defining small-scale fishing per se. It varies across Europe and I think it is actually, to quote Barrie, another red herring and it is almost impossible to do. What we have always promoted, and what we promoted in our response to the original CFP consultation, was the fact that what we should be looking at is the impact of the effort. It does not matter if you have a ten metre boat or a twenty metre boat if you are only allowed to use x amount of nets or y amount of other.

Q55 Barry Gardiner: Exactly, if you are a twin rigger or not. In pursuit of this, can I ask you one further question? You have seen what happened when US Congress approved the Magnuson-Stevens Reauthorization Act in the States, yes?

Jeremy Percy: I have heard about it, yes.

Barry Gardiner: That mandated an end to overfishing of all commercial species by 2011, through the introduction of a new decision making framework, giving greater autonomy to fishing communities. It was also absolutely hard and fast on the acceptable biological limits, which were actually lower than Maximum Sustainable Yield (MSY) imposed by the scientists. Now would you agree that that approach has been a successful one, in terms of the viability of those fishing communities and the sustainability of the stock for future generations?

Jeremy Percy: I must admit to being no expert on the Magnuson-Stevens Act at all but what I have back from some American readings is that they have particular problems there because it also introduced a quasi-Individual Transferable Quota (ITQ) system and small-scale fishermen are suffering because of it, that much I do know. In terms of the balance between having a lower biological requirement than MSY, to be blunt I think we work so hard in focusing on MSY, especially now the Commission have taken it up, that

to try and readdress that situation now would cause big problems.

Q56 Barry Gardiner: I am simply saying that the critical gatekeeper in Magnuson-Stevens is this acceptable biological limit imposed by the scientists.

Barrie Deas: Are we not moving in that direction with the Marine Strategy Framework Directive anyway, and Good Environmental Status. Although nobody is perhaps entirely clear what maximum sustainable yield is, we are agreed that we are going there. It is certainly problematic, or at least not straightforward, in terms of mixed fisheries. Precisely how we define maximum sustainable yield is to be debated.

I think the point here is that rather than looking at a bottom-up Member State quota distribution system linked to home grown environmental and social criteria, we have coming at us something that the ICES said couple of weeks ago—I don't know if it is common in Danish—was like trying to swallow a camel. We do not know what the Marine Strategy Framework will mean precisely in terms of obligations on ICES and therefore on the industry. The point is that there is a tidal wave of environmental legislation coming our way that we are struggling to deal with. The forerunner of it is marine conservation zones that are coming at a tremendous rush. In my view, that rush is going to cause big problems. A more careful, incremental and adaptive approach, rather than this broad rush of environmental legislation coming at us, I think that would be a more advised way to go.

Q57 Barry Gardiner: If you look at the satellite tracking in the North Atlantic of where the fishing fleets congregate, you know as well as I do that where they congregate is precisely and geometrically on the borders of those marine conservation zones because they know that is where the best fishing takes place. That is because of the protection of the older stocks within that zone.

Barrie Deas: You know more than me.

Q58 Barry Gardiner: I will happily show you the graph of the satellite tracking pictures.

Jeremy Percy: I think it's very specious.

Barry Gardiner: I'm sure you must have seen them.

Q59 Chair: Before we move on, Mr Percy could I just press you on what exactly you believe the social criteria might be? You mentioned local employment; is there any other criteria?

Jeremy Percy: Yes, regarding social employment, fishing communities tend to be remote, not altogether but a number of them are. As is increasingly the case in the current economic situation, there are few alternative opportunities. I think the social criteria is the return to local area. There are a number of studies that have illustrated the benefits of small vessels to local communities and of course big ones as well. I think it was St Ives council that some years ago did a study that showed all their small-scale fleet actually landed £500,000 of fish but it had an overall benefit to the community of £15 million. Please do not press me on the actual figure but I am pretty certain it was

9 March 2011 **Barrie Deas and Jeremy Percy**

that. So there are the social benefits to the support of a small-scale fleet in that respect.

Q60 Neil Parish: I want to ask both of you about the differentiated regimes between having the inshore fleet and the offshore fleet and the different ways of managing the quota. I know the NFFO submission notes that the UK is alone in applying profoundly different management regimes to the over-10m fleet. Are you both as one on how to manage this or do you actually want to still see a differentiation between the way you manage the fish from those caught on the larger boats to those caught in the smaller boats?

Jeremy Percy: In essence I think there is little to choose, as you already heard. A super under-10m, a 9.9-metre boat—very often with a front chopped off or one with a bigger engine—is indistinguishable from an over-10m. So there is this arbitrary and frankly false dividing line that has caused the plethora of problems that you have heard and that we suffer from today. Simplistically one should get rid of that and that would cure a number of problems. Unfortunately it is not quite as simple as that. There are a number of elements that you have heard about today where there are differences. I do not see a problem with differing approaches to management depending on the locale, the stock or in some cases the community and the particular benefits that group of fishermen bring to a community. I see no problem with differentiation in that respect. What I do see, and what we have suffered from, is the differentiation on the arbitrary line of ten metres and under or over, where access to fish and resources, and the ability to create additional income has been lost from the under-10m fleet. So there is no simplistic and certainly no short answer to your question but in general terms there is a rationale for differences of approach.

Q61 Neil Parish: Can I press you on being able to link into forms of producer organisations, either existing ones that are available to the larger boat size or creating your own; how feasible is that?

Jeremy Percy: I think either is feasible. Our preferred option is specifically for a producer organisation (PO) for an under-10m or whatever the dividing point is; in the UK it is under -10m. We see no problem with that and we see particular benefits. It is also true to say that there are also some historic differences—I was going to use the word animosity—between POs and under-10m and historically that has driven it. I think it would be naïve to feel that one can wave a magic wand and everything will go away and we would all link hands and dance around the maypole tomorrow.

Neil Parish: I am sure you would.

Jeremy Percy: Of course, yes. I do think that because of the specific elements that you have heard about small scale versus larger scale, that an under-10m (PO) being able to pool and deal with under-10m matters would be preferable. I do have concerns that where under-10m boats go into POs that they would get swallowed up. Surprisingly I have friends who are in the over-10m POs and there is a general view that management is for the benefit of those bigger guys. It is human nature, it is not a complaint or criticism, it is a fact of life. So in essence, I think an under-10m

PO, if not for any reason than the critical mass I spoke of earlier, would be the appropriate way forward for the benefit of that sector, the other sector and the wider communities.

Q62 Neil Parish: I suppose it is more difficult to market the fish if it is in smaller quantities?

Jeremy Percy: Not necessarily, it could be beneficial, depending on how you market it. As has been identified by Defra, the Commission and various others there are potentially particular marketing benefits to that sort of small, local food market. There are many such things going on at the moment.

Barrie Deas: I would like to stress the interdependence of big and small fleets. If you were to take the large vessels out of a port like Newlyn you would have a collapse of infrastructure and marketing, it would not serve anybody very well. I am very strongly against differentiated fleets if that is applied at European level because I cannot see any way in which that can be done sensibly given the variety of fleet structures around the different coasts. Differentiated arrangements might make sense at a local level and they should be decided at the appropriate level.

As to whether the under-10s form their own PO or join the existing POs, I am completely agnostic. It is completely their choice. There are certain advantages to joining an existing organisation, including that the professional management is already there. On the other hand there are benefits to be derived from doing their own thing. I am completely open-minded on that. The key is to move away from centralised management either at European level or within the quota management system here. It is a challenge for fishermen that have not been in organisations but if, for quota reasons, we do get fishermen coalescing and working together in ways that they have not been in the small-scale sector, that would also provide a good platform for that to be involved in either national organisations or regional advisory councils. That would be a secondary advantage and I will leave it at that.

Q63 Neil Parish: As far as the producer organisations that exist at the moment, there must be no doubt that if a large boat is coming in and landing a large amount of fish in many ways that is easier to handle than it is for several small boats coming in perhaps with different types of fish in smaller quantities. Surely the producer organisations would have to do a certain amount in adapting; it would have to work on both sides.

Barrie Deas: We have producer organisations in our membership and the most important thing you notice already is the diversity. Some of our producer organisations have large numbers of under-10s already, who are in for marketing and representational reasons, not for quota—they are still in the Government pool for quota. So it is not as big a jump for some organisations as it would be for others.

Q64 Amber Rudd: Could I just ask Mr Percy about his reference earlier to the super-under-10s? Some people might just say that is an efficient way of

9 March 2011 **Barrie Deas and Jeremy Percy**

running your under-10m vessel and that is the market-place working, how would you respond to that?

Jeremy Percy: The development of the super under-10s has been quite long-winded and it is one of the problems of this definition of under-10s and over-10s we mentioned previously. You have a generality of under-10s, and don't forget that, irrespective of sector, we are not just talking about quota species, we are talking about non-quota species, including shellfish. The management of shellfish by some method of access is going to be another interesting discussion to be had. The concern we have is that everybody in the under-10m pool gets the same allocation; it does not matter if you are a 9.9-metre boat or a 6-metre boat, you get the same allocation. With a 9.9, a super under-10m you then need to lease quite significant amounts of fish to actually make the vessel viable.

It comes back to the example I made earlier of the smaller vessels not necessarily needing to lease significant quantities of fish to make a living. If you have a 9.9-metre boat with a big engine and a big crew you need to lease in very significant amounts of fish. In some ways there is a sensible argument, not to shift them into the over-10m sector but certainly to review how we define the different sorts of vessel. There has been discussion about that element and there are about 130 or 160 of them. There is still no clear definition of it and I know ordinary, hardworking under-10m boats who would never consider themselves to be a super under-10m who would fall under that category, so we have to be very careful about definitions. If there was talk of them moving in to POs I would be very worried about them taking out the 130 times that quota to take with them. Frankly if they need to lease very significant amounts of fish because very largely the under-10m just does not pay the diesel for them, then frankly they should not be there in the first place.

Barrie Deas: Whether it is 160 vessels or how you define them as high catching under-10s or super under-10s or rule-beaters, they take 70% of the pool quotas and that really speaks for itself as to why there are problems in that fishery. Dealing with that part of the problem is a very substantial part of the solution. It is important to understand the way that this situation has arisen in its historical context. Largely it was because the under-10m sector was a relatively comfortable place to be, and that is why you had a migration of effort into the under-10s, until Registration of Buyers and Sellers came along, although the problems were identified a long time before that. I think it is absolutely critical that this is dealt with. The way that Defra is suggesting that we move by allocating FQAs to the whole fleet is the right way. The question that arises is: are all of those parts of the fleet then viable? In our submission, we made the point that this is something that has to work for four groups—for the producer organisations, for the high-catching under-10s, for the residual pool vessels now in community quotas and of course for the Government. That is the task that we are engaged in in our working group, trying to work through how to do it. The super under-10s are a key part of the problem and a key part of the solution.

Q65 Amber Rudd: Are you convinced that the inshore fleet is commercially viable and therefore, whether it is or whether it isn't, should be preserved as an end in itself?

Barrie Deas: Yes.

Jeremy Percy: I would not disagree with that.

Q66 Barry Gardiner: Very briefly before I move on, can I just ask you: if 60% of the quotas is being actually utilised, or 70% of it by the super under-10s, what are the fishermen who are in the non-super under-10s doing?

Jeremy Percy: By definition, among the main reasons the answer to your question is that the super under-10s are a much bigger vessel.

Q67 Barry Gardiner: I understand that. My question is: what are the fishermen who originally had the allocation for their vessel doing? They're not fishing, are they?

Jeremy Percy: They are fishing; they cannot fish to the capacity that a super under-10m can, because you're talking about boats down to five metres.

Q68 Barry Gardiner: They've allocated a lot of their capacity away, haven't they—a lot of their quota away?

Barrie Deas: We've got the 160 high-catching vessels. You have 800 mid-catching vessels. They would be fishing for quota species, but they'd also be fishing for non-quota species—shellfish, bass, mullet.

Q69 Barry Gardiner: The quota that those non-super under-10s had in the quota species, they have leased to the super under-10s.

Chair: No, no.

Jeremy Percy: No, they do not have the ability to lease. Really, it's the fact that the super under-10s—I don't like the phrase—have the capacity to go to sea in much worse weather and tides and God knows what else than the smaller guys. And because they also lease in significant amounts of fish, because of the costs of the vessel, they catch up to their pool quota every month. A lot of the smaller under-10s can't achieve that and, because some of their quotas are not viable on their own, they don't fish that quota; they will fish non-quota species. It does not mean it's an ideal situation; it's a fact of life.

Q70 Barry Gardiner: A very brief question on community quota schemes and that is: would you support in principle the introduction of those schemes or local management regimes for the inshore fleet, and what are your views on how that might be implemented in practice?

Jeremy Percy: Defra has suggested community quotas. In essence, we have no problem with it, other than the need to ensure, firstly, a critical mass for the points I made to you earlier, and secondly, an innate part of an under-10's fishing pattern is flexibility. If he is allocated his FQAs based on a previous track record, which I would have serious concerns about because a lot of that track record is owed through the Registration of Buyers and Sellers period, where a lot of boats were not, for a variety of reasons, fishing

9 March 2011 **Barrie Deas and Jeremy Percy**

their quota species. Their track record does not reflect either their capacity or their requirements. We need to make sure that we do not delegate FQA quota ownership down to such small bits that it is not viable. It does not allow people to swap in and swap out fish, which is a key element.

I can give you a clear example, for instance, in the Marine Management Organisation in the last year, which has utilised the South West mackerel handline quota, which is specifically focused on the under-10s. That fishery is declining—it goes up and down; it's declined in recent years. They have been able to swap some of that quota with people like the Germans for North Sea sole for the under-10m fleet, for skates and rays, for whiting, etc. What I would like to see within a community scheme is that you lose that ability of having that critical mass to be able to swap for the benefit of individual vessels.

Barrie Deas: I think the community quota idea is certainly the most imaginative part of Defra's proposals. We have not really studied what it would mean in detail. The first question that arises must be whether there is a viable amount of quota to make them work, but then a whole range of practicalities. At this stage, I am interested in what sort of support would be available to get these groups up and running. I'm certain that, if they were up and running, as I said earlier, they could work very well to bring benefits to their membership, both in terms of better, more sensitive quota management, but as a platform for representation to government I would very much welcome them. There are a lot of questions about how it would work in practice that we haven't really got to grips with.

Jeremy Percy: I would certainly agree with that final comment that the devil will be in the detail.

Q71 Chair: If we could turn to discards, because I know a number of colleagues wish to come in on this issue, which is gaining a lot of public support. When we visited Brussels and we met the European Commissioner for Fisheries, Commissioner Damanaki, she actually expressed to us at that time in November that she was already thinking of banning discards. Presumably this would be very welcome news to your organisations, Mr Deas.

Barrie Deas: No, I think a discard ban is entirely posturing. Where you have a discard ban, in places such as Norway, it is the cherry on top of a great deal of groundwork that has already been put in over 20 years, where you have a system that protects juvenile stocks. In that sense, a discard ban in the EU would be the cart before the horse. As you said you talked to the Commissioner in November, maybe it's not fair to say that the current proposals floated at the High Level meeting on 1st March are only a way of deflecting heat from the media from the Commission towards the Member States, but they certainly look that way to us. There are a large number of successful initiatives underway, throughout certainly the northern part of the Common Fisheries Policy, designed to reduce discards. In fact, my understanding is that discards in England have been reduced by 50% over the last decade, which reflects both the decommissioning scheme for that have reduced

capacity, but also effort as well as the projects and the changes to gear technology.

As we spoke about earlier, there are a lot of different types of reasons for discards, and I think that it's important to focus on the specific types of discards and design measures that will reduce them. That is a process that's underway. We've talked about Fishing for the Markets; the 50% Project is very successful and demonstrates that, if you engage with the industry, great progress can be made from scientists and fishermen working together. The Catch Quota Project, we have also touched on in passing; that is another very effective way of reducing discards in a targeted way. Without that groundwork, a discard ban is, as I say, simply posturing. We already have a high-grading ban in place, and I don't think I will be contradicted if I say that it is completely ineffectual and completely unenforceable. If an enforcement vessel were to observe a fishing boat throwing fish over the side—they would have to make a decision: is that boat high-grading or is it complying with the catch composition rules and the technical conversation measures? Either could be true, and that is the point. We have made progress; it is a case of carrying on that progress, intensifying it, deepening it. It involves incentives; it involves engagement with industry and moving forward on that basis.

Chair: It was December we went, not November; I apologise. Mr Percy.

Jeremy Percy: I wouldn't disagree with anything that Barrie said, in that respect. I do feel that it is entirely appropriate that we got a kick up the backside by various media. In terms of discards, it does no industry any harm to be exposed to the full light of day. I agree entirely that a knee-jerk discard ban would actually be counterproductive in many respects. I do think again from an under-10m perspective, where not all but the majority of our vessels use passive gears, that there's a lot of talk about reducing discards. Certainly a large sector of our segment, we haven't got any discards anyway. I think we need to be recognised and rewarded for that on its own. Equally, you need to look at why the discarding, as Barrie said. I won't reiterate what Barrie said; yes, there are a number of initiatives fishing for the market—50% etc.

I think the regulatory discards are probably the biggest area within the under-10m sector that we suffer from. There's lack of quota and lack of access to fish. I think also there is a significant benefit, as I said earlier, about more local management restricting effort in nursery areas or where juveniles are, where you can reduce discards without unnecessarily impacting on the economics of the industry.

Q72 Amber Rudd: You have both described different measures that can be taken to reduce discards, which presumably everybody recognises as being highly desirable. Do you think that putting these packages together, using these different methods, we could arrive at a place where discards have been eliminated entirely?

Barrie Deas: I do not know if it would be possible to eliminate discards entirely. Even in Norway where there is a ban in place, discards have not been

9 March 2011 **Barrie Deas and Jeremy Percy**

eliminated; they have been substantially reduced. If we were to move substantially down that road, that would be a good step and then we can judge where we go from there.

Jeremy Percy: Certainly, as we have said previously, stock by stock, fishery by fishery, you have to look at it. This sort of blanket approach—one of the main failures of the Common Fisheries Policy is a one-size-fits-all, broad-brush approach. Taking that view with discards would be equally disastrous. I think, yes, certainly carrots and certainly sticks, but certainly a focus on individual areas where we can make real differences.

Q73 Neil Parish: The figures I have in front of me on discards within England and Wales are that 54% of those discards could have been discards related to a weak or absent market, and so a lot of those will be non-quota species. I am going to probe you quite hard on this because, from your point of view when you're out fishing, to be perfectly blunt, whether you want to bring back the highest-price fish and as high a price a load of fish that you can bring back, from a resource point of view I think we all accept that the resources of fishing are going down. We can argue about who is right—the scientist or the fisherman. At the end of the day, we can accept that, throughout the world, there are less fish and there are going to be less fish, because we are, to some extent, over-fishing generally. I don't say you are, but generally we are. Therefore, surely the argument is that you should land everything you catch. If some of that is not terribly saleable then perhaps—and I'm just putting some ideas to you—you should be given some form of compensation, not large, to actually land that fish so that that can be then processed into fishmeal that then can be fed to farmed fish, because it is resource that we cannot afford to lose.

The second part of my question is that I don't think that we will ever be able to truly know what the fish stocks are and what is out there, until we absolutely land everything you catch because, at the moment, we do not know that. I know you don't like the satellite monitors and all the rest of it but, if you happen to have those switched on whenever you're catching fish, you would not be able to discard very much. I know you do not like it but as far as the politicians are concerned, we have got to look, on behalf of the public, at the overall resource in the sea and be able to manage that effectively. Can you answer those points for me, please?

Barrie Deas: I do have a big problem with over-generalisation. I'm happy to speak about what I know about the sea areas and practices there, but one of the problems about the fisheries debate has been over-generalisation. We come back to this 88% figure; I have no idea what that means. What I do think about discards is that it is a waste of a resource and it is absolutely terrible for the industry's reputation, and we need to do something about it and progress in that direction. I also agree that discards undermine the fish stock assessments and, in fact, we have agreed within the context of the North Sea Regional Advisory Council and the North West Waters Regional Advisory Council to set up, with scientists, data

taskforces because the situation with data is getting worse not better. Here is an example of the industry and stakeholders working with ICES to fix things. VMS (Vessel Monitoring System) tells you where the vessel is; it does not tell you what the vessel is doing. The VMS is going to be supplemented by electronic logbooks progressively from this year onwards.

Neil Parish: And that would tell you?

Barrie Deas: I think that would provide much more detailed information. There are quite a lot of questions.

Neil Parish: The idea of landing the fish and of getting some sort of compensation for that.

Barrie Deas: Fishing for the market is the right approach because, if you look at the French, they seem to do it better. You see vessels landing in Brittany and, just a few years ago, somebody was telling me that what was sold off that vessel would be trash fish in this country, but made up a decent grossing for the vessel. It is about extracting value from what you land, and then you don't have problems with disposal. It'll be bought and used. Fishing for the market is absolutely the right approach.

Jeremy Percy: I'd add just a little. I think it is a package and I think we are there. As I said earlier, we frankly deserved a kick up the backside and the recent media interest has done exactly that. It has not made any harm to us at all. I do think this sort of knee-jerk generalisation—just stop it all and bring it all in—would cause as many problems as it would answer. I do think, and I hope we have been able to explain through the course of this afternoon, that there is a package going on now that covers the majority of the discard areas. It is not going to happen overnight and one could argue it should have happened before now but, if you look at fishing for the market, the under-utilised species, which is one element of discards, you've got economic discards, the quota, regulatory discards where you're not allowed to do it. The minimum landing size, we are addressing in terms of Project 50%, bigger meshes, etc. I am actually quite optimistic that, whilst I do not think we will ever reach that sort of nirvana of zero discards, we can make such a significant difference to them that it will be meaningful.

Q74 Neil Parish: What about the idea that that fish that is of low grade could actually be made into fishmeal to be fed to farmed fish? I am quite passionate about this; I think we have got to make the very best use of the resource out there in the sea. At the moment, we are wasting a lot of that.

Jeremy Percy: If we still have a level of discards once we have been through this process, which we are actually engaging in now—we have bigger meshes; we have the whole bit we have explained—if you are left with an insurmountable problem in that small amount of fish that you cannot do anything with, then I do not see any problem particularly, depending on the controls in place, rather than be forced to throw it back over the side, to bring it in for the benefit of fishmeal. I see an element of sanity in that.

9 March 2011 **Barrie Deas and Jeremy Percy**

Q75 Barry Gardiner: Mr Percy, you spoke of Project 50% and the work that had been done by the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) with the Devon beam trawl fleet. They had an extraordinarily high level of discards in the first place, and they managed to reduce it, I agree, by 50%, which was terrific. Do you really think that the technical changes of gear, like the mesh size-of-net changes, are going to bring down the level of discards in other fleets in the same sort of order and certainly to the levels that you were saying you aspire to? I am sure we all wish that that was the case. I just want to be clear what is possible here.

Jeremy Percy: I think you said that this is a fishery-by-fishery stock-by-stock approach. I think that's entirely appropriate. There are very significant lessons to be learned from that particular project, as well as others. I think that Maria Damanaki herself said that, whilst the seas were full of fish, throwing a few back, so what? I am paraphrasing her but it is basically what she said at the outset of the discards meeting recently.

Barry Gardiner: Mr Deas told us at the beginning that the stocks are all rising again.

Jeremy Percy: Thank you, sir. I am honestly optimistic, for a range of reasons—the examples that you've heard today—that we can carry on. Carrots and sticks are going to be important to maintain this impetus, and the lessons that we have learned do transmit, that there are checks and balances to make sure that this is just not a one-off. One of the best examples in terms of Project 50% was the teamwork, not just the cooperative work but the teamwork between science and industry. It is such a good example for the future.

Barrie Deas: I agree with that. What was interesting about Project 50% also was that each skipper came up with a slightly different way of achieving the results. That is a lesson that, if you can get the right incentive structures in place, the hearts-and-minds approach, the solutions will arrive, because fishermen know how to fish; they know how to avoid certain species. It is about getting the incentive structures in place. One of the important things there is getting regulatory discards under control. The reason why the television company could film cod being discarded in the North Sea was because the College of Commissioners, looking at ICES's advice when the stock was recovering, took the decision that the public would not understand a 75% increase in the total allowable catch two years after the cod stocks were deemed to be close to collapse. The result of that, where they pitched a TAC, this year, will deliver 38,000 tonnes of discards of mature fish. This is a new type of discards. We are used to discards of non-marketable fish. We are used to non-selective fishing, but mature discards, because the TAC was set at the wrong level or set at a level that was deemed to be right for the politics of one day but have now changed, and the spotlight comes over discards. It will be very interesting, because the Cod Recovery Plan and therefore the TAC arrangements are under review this year.

Q76 Neil Parish: Going again to the net size and the type of net you use, I know in fishing a little knowledge is a dangerous thing, but I know that the

tight square nets and the different meshes, when they're pulled tight, they then become much smaller. How much on the discard side of it is there that can actually, by genuinely changing the mesh size, shape and making sure that when it's not pulled it does not become much smaller that could actually stop a lot of discard of the smaller fish? I know a lot has been done on that, but is there further work that can be done?

Jeremy Percy: Yes, there is undoubtedly further work. You are quite right; despite your little knowledge, it is a good example and one can well imagine the mesh pulling close when you pull it; a square mesh panel does not. Various grids have been tried. As we speak, fishermen are moving these grids up and down the trawl nets, as they are the square mesh panels and you can get different results. Different fish, despite being the same shape, react differently. Some swim up to escape; some swim down to escape—so on and so forth. It is quite a technical business, but yes, I think there is still a lot more that can be done and is being done to further reduce discards in that respect. I would like to stress though the point I made earlier: that we do tend to focus on the mobile heavier gears in terms of discards. It is appropriate to highlight the fact that passive gears, not exclusively but very largely, have a much lower discard rate in the first place. We should take that into account in this whole debate.

Barrie Deas: I do not think there is any doubt that we have not exhausted technological developments that will improve the selectivity of fishing. What are interesting are the behavioural and incentive structures that encourage the use of that gear. For example, square mesh panels have substantially reduced discards in the whiting fishery. The discards that are in the whiting fishery are related to quota. I won't divert you down that road at the moment. Mesh size imposed by European Union has always been very, very difficult because it applies to a whole range of vessels, large and small, with different engines, different powers and, therefore, different configurations of gear. Really, progress in terms of mesh size selectivity has been painfully slow. Turn now to the catch quota project that I was talking about, where you have additional amount of cod to fish during the year, as a vessel participating in the project. I know of discussions between skippers and owners—they happen to be father and son—about going up in mesh size. They are already at 130 millimetres, which is 10 millimetres above the legal minimum. They are going up another 10 or even 20 millimetres, because that will allow them to catch the larger fish of higher value. Now, to get that kind of movement through a technical conservation regulation would take decades of discussion. It would be a nightmare. This is what I mean by the incentive structures. That kind of progress can be made very quickly voluntarily, if you have the right arrangements in place.

Q77 Chair: Can I just press you on that? How could catch quotas be effective, if you cannot find a practical or technical solution? You say, I think, they have been trialled in the UK and Denmark. How can you actually get over some of the practical difficulties that there are?

9 March 2011 **Barrie Deas and Jeremy Percy**

Barrie Deas: If it is down to the individual vessel and the individual skipper, he knows his own gear and he will be able to design and arrange the gear configuration to meet, in this case to reduce the amount of juvenile cod or even legal-size cod but of a lower value, in order to maximise his return. That is what I mean by getting the right kind of incentive structures in place. In the case of Project 50%, it was about a sense of involvement and being appreciated as fishermen that seemed to be the catalyst for the improvement. There wasn't a monetary advantage. I am talking about this in its broadest sense and as an alternative to the micro-management system that is just so painfully slow and does not deliver. All of this can be incorporated into sustainable fishing plans that give the vessel operators responsibility. It is a kind of results-based management; it sets targets and makes sure that there is an advantage to meeting those targets, even if it is an escape from the—

Chair: Could I bring Mr Percy in?

Jeremy Percy: I do not disagree. There are two elements here. It is entirely appropriate to high grade at the cod end, if you can leave those fish behind to swim another day rather than bring them up, kill them and throw them back or whatever else. It is entirely sensible to do that. Catch quota trials, and they have been going on in Scotland I think for the third year, are a good example. I do not know about some of my Scottish representational colleagues, because it has split the fleet. There are very significant differences of opinion on it. Some fishermen are quite happy to go along with it—the extra intrusion of CCTV—because they get additional quota and they can manage it appropriately. Some fishermen take the view that they will have cameras over their dead body. As long as

there is a suite of opportunities, a suite of measures for fishermen to be able to deal with under that incentive programme, I think that too is appropriate.

Q78 Chair: You have been very generous with your time. Just one last question to each of you. It relates to what you said earlier: should fishermen become involved in marketing less desirable fish? How much support are you getting currently from retailers? Do you think you could take more of a lead yourselves?

Barrie Deas: I think the television programmes have been entirely helpful in that regard. Of course, the original remit of producer organisations was to improve the marketing conditions for their members. There is the Sea Fish Industry Authority as well. I certainly think there is a move in fishermen's psychology to fishing more for the market than simply fishing for bulk. It is maybe not fully developed and we must go more in that direction, but there has certainly been a move in recent years in that direction.

Jeremy Percy: Absolutely. I think fishermen tend to fish. That is what they do well; they do not necessarily market terribly well. With the potential move towards community quotas, towards a much better support mechanism for that sort of thing, coupled with the increased interest in under-utilised species—I have to say my second-favourite fish to eat is an under-utilised species, which is dogfish: no bones, tasty, etc. If we can get that over to the public, we will be a long way down the line.

Chair: On behalf of the Committee, can I thank you most warmly for being with us and for being so generous with your time this afternoon? Thank you.

Wednesday 16 March 2011

Members present:

Miss Anne McIntosh (Chair)

Thomas Docherty
Richard Drax
Barry Gardiner
Mrs Mary Glendon

Neil Parish
Dan Rogerson
Amber Rudd

Examination of Witnesses

Witnesses: **Richard Benyon MP**, Parliamentary Under-Secretary of State, Defra, **Isabella Murfin**, Head of Access to Fisheries, Defra, and **Gavin Ross**, Deputy Director, Sustainable Fisheries, Defra, gave evidence.

Chair: Good morning, ladies and gentlemen. I most warmly welcome you and your team, Minister.

Richard Benyon: Good morning.

Q79 Chair: Before we proceed, could you introduce your team for the record?

Richard Benyon: On my left is Gavin Ross, who is head of sustainable fisheries at Defra, and on my right is Isabella Murfin, who is head of access to fisheries.

Q80 Chair: Thank you very much for being with us this morning. In your initial response to the final report of the Sustainable Access to Inshore Fisheries project we were promised proposals for the reform of fisheries management before the end of 2010. Is there any particular reason for the delay?

Richard Benyon: No. From the outset I have sought to do this by agreement, and I emphasise that. One of my most important jobs is to reintroduce an element of trust within the fishing industry. That means getting people together in the same room, understanding each others' problems and solving them. We have had a very effective working group, which was developed by the officials on either side of me and others. I am deeply grateful to those sectoral interests that came along to take part in that. Those were frank and forthright discussions, but they have brought forward a plan. I would prefer that the plan be a few weeks later than we may have indicated, so long as it is workable and able to be brought forward.

Q81 Chair: When do you now expect to publish the proposals on the consultation?

Richard Benyon: Imminently, but Bella may have something more accurate to say on that.

Isabella Murfin: We are aiming to publish at the beginning of April, subject to the clearance processes we are going through at the moment.

Q82 Chair: Will there be a problem with electoral purdah?

Richard Benyon: That is one of the key considerations. I think we have to do it before 7 April to get it through that period.

Q83 Chair: What confidence can we have that the content of the proposals in the consultation will be more meaningful than some of the past consultations?

Richard Benyon: I think the proposals have a chance of succeeding precisely because they emanate from an

open discussion and an agreed way forward with the sectoral interests. They ultimately address the fundamental problem, which is that the inshore under-10m sector needs more opportunities to fish. There are wider issues, too. No doubt we will go on to talk about the social implications for coastal communities and such like, but this is a really important step forward. We are talking about giving them more opportunities to exploit fishery stocks.

Q84 Chair: If I have understood correctly, in Iceland there is a clear differential: the smaller boats are allowed exclusive fishing rights inside the 10 or 12-mile limit, and the larger boats have exclusive fishing rights outside it. Is that an arrangement that we could learn from to protect the under-10s?

Richard Benyon: My officials might want to chip in, but part of our rather perverse situation is that we have created a designation on the basis of size of vessel. We have the so-called super under-10s that can go way beyond the 12-mile limit and compete with the over-10s. Part of my desire is to integrate them into the same management system as the boats they are fishing alongside. Likewise, there are some larger vessels that fish within that line. In an ideal world I would want to move away from lines on maps and lengths of vessels. I want to see a much more integrated industry.

We must recognise that each vessel is a micro-business. They should have the ability to manage themselves as a business, which they don't have at the moment. They have layer upon layer of regulation, and, at the end of the day, they are constrained. Those of us who have been in business may want to have a conversation with our bank or with the people we are doing business with. You can't do that as a fisherman, particularly in the under-10m sector, because you don't know what your chance of exploiting your chosen stocks will be three or four months down the road. We want to give them a sustainable future, one in which they can manage their businesses in the long term. I would prefer to move away from the idea of lines on maps, although we are of course introducing marine conservation zones. That is a different matter, and I am very happy to talk about that, too.

Chair: Thank you very much.

Q85 Neil Parish: Good morning. I want to pursue the problems you've been talking about: the challenges involving the offshore fleet and the inshore fleet—the

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

under-10m boats compared with the larger ones—and the quota system. At the moment most of the quota belongs to the offshore fishermen, so do you think the long-term solution for the small-scale fleet is to necessitate a reallocation of quota away from the offshore fleet and into a pool that could be distributed to the inshore fleet?

Richard Benyon: I think there are three elements to this. First, with agreement we are identifying underfished quota in the over-10m sector. We are looking at that as a possible source of extra opportunities we can give to the under-10m sector. Secondly, we are looking at linking quota to communities and to specific localities through developing community interest companies, organisations, co-operatives and mutuals, and through any other such means that might be possible. Tying it to the local community, so that the local community can invest in its local fleet, is really important.

Crucially, it is about changing the way we manage quota. We believe that the under-10m sector—rather than just fishing out of a pool of quota—should be able to access fixed quota allocations.

Q86 Neil Parish: You also commented on there being a super under 10m fleet. You could argue that if you started to reallocate the quota from the offshore fleet, they would gobble up most of it, and therefore is it fair for them to have it and not the normal under-10m boats, for want of a better phrase?

Richard Benyon: I've learned, even before I came into this job, that you do not please everybody in fisheries management. That is the greatest understatement that any Minister will ever make to your Committee.

There will be those who gain more by this than others, but we can't go on as we are. For historical reasons, which we can go into, going back over a decade, we have developed a system of management that sees this particular sector of fishers in a really bad way. Many of them are hanging on by their fingertips. As important is the infrastructure that supports them, and we can all go round some of the many ports of this country and see that, yes, there is a fish market, there are merchants and there are chandlers or ice factories, but most of those elements are hanging on by their fingertips as well. If one of them goes, it may just be the straw that breaks the camel's back, and those boats will either go or go round the coast to another port, which means that a key social element of those communities is lost. There is a social driver for this sector in a really important way as well.

Q87 Neil Parish: Pleasing all the people all the time leads me on to my next question. The NFFO has said that a redistribution would be "fraught with legal and ethical difficulties." I take it from the Defra proposal that you could be proposing between 0.5% and 5% of quota being redistributed. How are you going to deal with that?

Richard Benyon: I am hugely grateful to the NFFO for being part of this working party and for coming up with very sensible suggestions. I think that Barrie Deas came in front of your Committee recently. It is very realistic about the problems, and we are not in

the position of wanting to rob one sector that is facing its difficulties in order to reward another that is also facing difficulties. We recognise the difficulties that are being faced by the over-10m sector as well. There is a particular problem here, which the NFFO has recognised, and I am hopeful with the good leadership in that and other organisations that we will be able to get an agreement through that avoids any sort of legal challenge and addresses the problem for the long term. That is in everybody's interests. I cannot sit here and put my hand on my heart and tell you whether that will be achieved without any dramas, but I am hopeful about the approach that we have had of sitting everyone round a table. The New Under Ten Fishermen's Association—the under-10m sector—was not entirely happy; I think that it has publicly said that it wants 10%. We are not proposing that, but we are proposing a proportion of that.

Q88 Neil Parish: And are you proposing that the Government would buy up this quota, or that this is unused quota? Where would the 5% come from?

Richard Benyon: In large measure it will come from underfished quota that the under-10m sector wants. Isabella, do you want to put some flesh on those bones?

Isabella Murfin: Absolutely. In addition, we have considered those quotas where the under-10s have a particular interest, and where data show that year on year they're fishing their full allocation or very close to that before the fishery closes. There are a number of stocks that are fished by the bigger boats where there could be particular benefits in redistributing a small quantity of that into the smaller-scale fleet. We have identified a number of those stocks as well.

Q89 Neil Parish: The trouble is that a lot of this quota has value, so are you just going to redistribute and there will be no compensation, or are you going to pay compensation? How is it going to work?

Richard Benyon: I don't think we are in a position to throw around huge amounts of money—that won't surprise you at all—so we are hoping to do this by agreement. I make no apologies for reiterating the importance of carrying all parts of the industry with us, recognising that they are one industry and that they are interdependent in many ways and that we have to get some stability back across the whole fishing industry.

Q90 Amber Rudd: Just to follow up on the unused quota allocation of the over-10s, it was rather perplexing when we took evidence last week from the NFFO and NUTFA that the unused quota for the over-10s was not reallocated to the very needy under-10s. Neither witness could give us a clear answer as to why that did not take place. Could you shed any light on that?

Richard Benyon: Are you talking about the in-year allocation?

Amber Rudd: Yes. The in-year, unused.

Richard Benyon: If quota is unused within a year it may be for a multitude of reasons. Some fishermen keep it back to the end of the year because they want to target a particular stock at a particular time of year

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

when it is of better quality. Sometimes it is held back as a swap currency to acquire different quota. The prospect of using that quota risks it prompting a race to fish in order to use it up, which could mean that fish are targeted out of season. That could lead to an increase in discarding, so we have to be extremely careful regarding at what point we allocate these stocks.

Q91 Barry Gardiner: I want to be clear on this because you will have read the evidence from our last session. There was quite stern criticism of Defra on this point. Is it your assertion that the reason why Defra does not reallocate that unused quota is ultimately to stop overfishing of those species and of other species that may be by-catch?

Richard Benyon: One of the perverse ways that quota works is that if you encourage people through threatening arbitrarily to take that quota in-year, it could result in fishing a species at the wrong time of year, which could have an adverse effect on the price. You could increase discards and you create a perverse incentive. I can understand the frustration that some fishermen feel. They don't have enough quota and yet they see this allocation around the country not being used. We have to be extremely careful about how we use this to address the imbalance. You can make a perfect enemy of the good, if you like. You could increase pressure on stocks at precisely the wrong time.

Q92 Barry Gardiner: Could I perhaps ask you to give a written note to the Committee specifically on this issue, going through each of the items, because as I say, it was an area where Defra came under sustained criticism from both the offshore and the inshore fleet?

Richard Benyon: Okay.

Q93 Barry Gardiner: It would be helpful to have a written record of exactly why you don't reallocate in that way.

Richard Benyon: We will certainly give you a note. I will just ask my colleagues here if they want to say anything to make sure that we have this absolutely right. I understand the importance of this in fishing communities.

Isabella Murfin: The only other aspect to point out is that obviously, it would be tempting to take action on an individual stock at an individual time, but that could have had the potential to destabilise the discussions that have been going on with all parts of industry and have been progressing really constructively. In the proposals that are coming forward, we are looking at a wholesale review of the underutilised quota, rather than a piecemeal review. That is supported by all sectors, which gives it the greatest chance of success without destabilising the system further. Going forward, therefore, it is an issue that is very much at the top of the agenda.

Q94 Amber Rudd: One common theme that we got from our witnesses last week was that this was a problem that had been created by Government and that Government needed to solve it. One of the elements that came out of that was the whole issue of

decommissioning and the under-10m fisheries. There was recognition that there is not enough money—everybody knows that—and there was also a sense that, because it was a problem that Government had created, decommissioning must be offered to the under-10m fisheries as kind of moral responsibility.

Richard Benyon: When I came down to your constituency, before I was in this job, I recognised precisely that fact. This was a creation of Government in whatever form or tier that you might like to blame, and it is absolutely for Government to resolve it. There are elements that we can resolve, I believe, through reform of the Common Fisheries Policy, but we do not have to wait for that in order to address much of what we are talking about today.

I would dearly love to be able to have a lot of money to throw at the problem, but as you know, I haven't. A decommissioning scheme would be an element that would certainly oil the wheels, but I am not proposing to announce such a scheme at the moment. I am looking at the European fisheries fund in a variety of different ways, but I cannot give any commitment that we could see that allocated in this direction. There are interesting developments across a whole range of NGOs and organisations such as the Prince's Charities International Sustainability Unit, with which we are having discussions on leveraging money from the private sector against a future recovery of stocks. There is some really interesting work going on around the world which we think may have an application in the United Kingdom's fisheries; but even talking about it now risks people thinking that, next week or next year, I am going to be able to offer such a scheme in partnership with a variety of different organisations. I am simply not saying that.

I do think, however, that there are issues of over-capacity, which I would like to address. If we ever do it again, we have to learn strongly from the past. Frankly, decommissioning schemes did not present good value for money for the taxpayer and certainly did not address the chief purpose for which they were intended, which was to reduce pressure on fish stocks. If the audit committee had looked at some of those at the time, it might have raised questions. That is over a great many years, not just recently. Therefore, I treat these proposals with extreme caution, but with the quiet optimism that something might be possible at some point.

Q95 Chair: Minister, we understood last week that the quota is given to the vessel to dispose of. Is there any evidence in some of the claims that some of our quota makes its way to the Belgian fishing fleet?

Richard Benyon: In terms of past decommissioning schemes?

Chair: When the boat is decommissioned but the quota stays with the boat, so it could be sold off.

Richard Benyon: I haven't heard that. Chip in, Bella or Gavin, if you've heard that. The way that decommissioning schemes worked in the past was that they offered the opportunity for some skippers to scrap their old vessel and buy a new one and fish more effectively. The taxpayer was subsidising something that wasn't necessarily in the sustainable interest of our marine environment. I don't think, even under

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

those schemes, that it was possible for that quota to be transferred, because it would have reverted straight back to the pool. If it was an over-10m vessel, it would have stayed with the skipper. There were occasions when it might have developed into what was called the “slipper skipper” phenomenon, but I am slightly scrabbling around here.

Isabella Murfin: FQAs can only be held on British-flag vessels, so while it is possible for a non-British national to own such a vessel, it is not possible for a Belgian-flag vessel to own UK FQAs.

Q96 Mrs Glendon: How far do you support an extension of the rights-based management approach into the inshore fleet, and what safeguards would be required if that were introduced?

Richard Benyon: I am a very great fan of moving towards a rights-based management system. I think that that is the future for fisheries management, because fishermen are then directly investing in the stock that they’re fishing. They have a longer-term means of managing their business—which answers some questions that I raised earlier about trying to run a business as a fisherman. I feel that it is the solution. It is happening around the world; I think around half the fishermen in the United States are on a rights-based scheme, and although they were implacably opposed to it when it was first suggested, they now say it has completely changed their approach. They invest, if you like, in an increased biomass, and if they can do that, they can see that there is an opportunity, not only for them, but for their children and grandchildren. At the moment, under the system of management we have, there may be young people fishing in the traditional way with their parents or grandparents. The incentive for them to stay in that business, or to train and get qualified as a skipper and then move on, is simply not there. Some sort of rights-based system offers them an ownership right, which is absolutely key.

My colleagues may wish to comment on safety measures, but we think that it has to be very carefully thought through. Much of this will come through CFP reform, so it’s not a magic wand that I can wave, but there is a determination in a lot of countries to see a sort of reform that might see this come forward. The chief concern for fishermen will be for them to protect what they’ve got, and to see it enhanced. There will be a transitional phase, which will require very careful management.

Q97 Mrs Glendon: In relation to the safeguards, which you said have to be looked at, will there be a stage where you are satisfied that the safeguards will protect the interests of the inshore fleet, and that they will be robust enough to do that?

Richard Benyon: That is absolutely our intention. We want to incorporate much of the inshore fleet into the management system of the rest of the fleet, rather than have them sitting at the end of the queue, where they get what scraps of quota they can grab, as they do at the moment. They then beg or borrow the rights to fish in whatever form it may come—swaps, or whatever—in order to stay in business. That cannot be considered by any measure to be a sustainable way

to run a business. What bringing them into the same system, ultimately, would give them is the security which they crave.

Q98 Mrs Glendon: How far, and in what circumstances, is it acceptable for quota to be held by anyone other than working fishermen?

Richard Benyon: This is a very hot issue. We want to ensure that as much quota or as many fishing rights as possible are held by those who use them. I mentioned the slipper skipper concept, and I am also fed all kinds of urban myths about celebrities, Manchester United, or other people who are alleged to own fisheries quota in United Kingdom waters. I have to say that I have never found any evidence for that, but I want to change the system that sees people able to go out of fishing yet continue to hold the right for others to fish. It comes down to what existing circumstances relate to a rights-based system. We believe that fixed-quota allocation is not a property right, but we also believe that fishermen are offered a substantial degree of protection and certainty through the UK’s quota management rules, and we need to look carefully at this as we bring forward reforms.

Q99 Mrs Glendon: There’s a little bit of difference between what NUTFA and the NFFO have, because the NFFO has a more nuanced view on this, as you see.

Richard Benyon: Yes, many in the under-10m sector have very strident views about the unfairness of the current system. This is about trying to bring clarity into fisheries management, which is another key method of being able to reintroduce trust where urban myths or some absolutely concrete facts exist about who has the right to fish what and where. At the moment, it is an issue of byzantine complexity. We need to develop a simple, straightforward system of allocating a national resource in a way that allows fishermen to feel that they have a legal right either for a time period, which is what Denmark proposes, or for longer or even in perpetuity—a tradeable right—which makes them feel that they are investing in it. It should simplify the system. I have had conversations with fishermen about trying to untangle issues of licences, pool quotas, the status they have and the new control mechanisms, plus effort controls. It makes them wonder, “What’s it all for? Why is it worth it?” I don’t blame them. We want to ensure that they feel that it is worth it.

Q100 Barry Gardiner: I am delighted to hear what you have to say about your enthusiasm for rights-based management, but you referred to some of the strident views of some of the inshore fleet. NUTFA is on record as having said that rights-based management is basically an ongoing and unauthorised “privatisation by stealth” of a public resource. It has adopted a very clear position. I have two quick questions. First, why do you think it has adopted a position so antagonistic to the one that you’ve espoused? Secondly, how do you propose to bring it round?

Richard Benyon: I think we need to make a distinction. What we are talking about in the

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

consultation that we'll publish in the next few weeks is giving under-10m fishermen an FQA—a right to a fixed quota allocation. That is entirely different from the rights-based management system we are talking about in the medium term.

How do we win them round? My resources in Defra include some extremely able people who have great experience in these matters and in negotiating with fishermen. I don't blame a single fisherman, whether they are in the over or under-10m sector, for being suspicious or concerned, but I think we have proved through this process that if we work together constructively, although we won't get universal agreement, we can get a way forward.

We are not talking about—very much not talking about—privatisation of a national resource. It will still be a national resource. You could question whether we treat it in the right way as a national resource at the moment. If there are people who have not fished for 30 years who own quotas, as I am frequently told there are—I have yet to meet one, but I am told there are—where does that sit in terms of a national resource? I want a national resource to be invested with the people taking the risks. They take very serious risks, particularly with changing weather patterns. So what I have sought to demonstrate in the few months that I have been in this job, and will continue to do, is that by negotiation one can re-introduce levels of trust which will allow groups of fishermen such as the ones you describe to say, "Well, it cannot be worse than what we've got at the moment, and this Minister and his team have the intention of giving us a future." They are buying—it is not as though they are being asked to spend new money, but they are buying in the wider sense—into a future for them and their communities.

Q101 Amber Rudd: There was an attempt to propose that there might be a legal challenge to the current arrangement via the under-10m group. Do you think that this consultation will kill that, effectively, because hopefully it will bring them into the whole process?

Richard Benyon: Yes. I never second-guess what some individuals will do. We had representations from a number of different sector interests in this working group, but we did not have everything. I am conscious that what we are talking about here is English fisheries. We have Wales, Northern Ireland and Scotland, and I take my UK fisheries ministerial responsibilities very seriously. We are talking a lot to them. Of course I want to avoid legal challenge, and there has been an all too ready willingness from all sectors to go down a litigious route. If I do not push the envelope on this, though, nothing will happen. I do not want to be sitting in front of you in a year or two's time and feel that perhaps I was a little bit timid in the desperate desire to avoid litigation. I hope we can do it without challenge. We are talking about a relatively small amount of quota—let's face it. We are not talking about wholesale reform of the fishing industry that will see over-10m boats driven out of business. Quite the reverse—we are doing all sorts of things to try to sustain them and to improve their

businesses. But we have got an imbalance, and it is one that I recognise and that has to be tackled.

Q102 Chair: I want to press you on two points. You were not absolutely clear whether it is ever acceptable for a quota to be held by other than working fishermen. Can you foresee any circumstances where that would happen?

Richard Benyon: Are there circumstances that I cannot particularly grasp at the moment, where if we were to say that only active fishermen were to be allowed a right or quota, we would be causing some unforeseen consequence? I am looking at my colleagues to see whether that exists.

Isabella Murfin: There are arguments on both sides, which is one of the reasons we continue to wrestle with this issue. Economists would argue that having people who play a quota trading role but don't actively fish can provide fluidity in the market and enable quota to move around more efficiently and effectively. There are other strong arguments against that, so it is an area that we are considering and want to consider further through consultation, looking at ideas that might address some of these issues, and the arguments on both sides.

Q103 Chair: So it will be in the consultation?

Richard Benyon: It's a very good point—that by being too dirigiste in our approach to this, you could actually prevent a small inshore fisherman from being able to access a swap or quota at a particular time. So it comes back to the point I made to Mr Gardiner: that when you are dealing with an issue of byzantine complexity, you have to be very careful that if you make a sudden change without properly thinking it through, you do not cause a consequence that is not necessarily what you want to achieve.

Q104 Chair: Would you be able to, and how would you, ensure that the quota did not leak out of the inshore fleet into the offshore fleet under a rights-based management? I am referring to the NFFO one-way valve.

Richard Benyon: That is our mechanism for making sure that we do not see a migration in the future, and just re-ignite the problem a few years down the line. Having a one-way valve that would keep it in the under-10m sector is the solution to that.

Q105 Amber Rudd: Although you said it is an artificial distinction between the under-10s and the over-10s, do you think there will be some sort of differentiated regime to reflect the different employment issues, the social issues that we have talked about?

Richard Benyon: Yes. We have to recognise that we are where we are and that we've got this system. It is worth just looking at the history. The ten metre line was created and the under-10m sector effectively did not have to report catches and, as you will well know, in came the registration of buyers and sellers. Suddenly they realised how disadvantaged they had

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

been. You get a lot of accusations from the over-10m sector that a number of people migrated into that sector precisely because it was unregulated and then were the first to complain. But there are complaints the other way. I am not sure that we are really talking about changing that clear designation, but we recognise that there are under-10m vessels that go way beyond our inshore waters and should be treated as part of the same management system as the over-10s. There are already under-10s that are members of producer organisations, so there is this sort of grey area. Whether we scrap the line at some point in the future—I suspect that that is up for grabs.

Isabella Murfin: Under the proposals the differentiation wouldn't be around a particular type of vessel or length of vessel. Everybody would be operating under the same regime but community quota groups would have a particular set of guiding principles that they operated against. The one-way valve that the Minister has talked about would particularly apply to that group. So it is not differentiated in the sense that they are operating under different rules and regulations, but they are a distinct group within the English system.

Q106 Amber Rudd: So the inshore fleet effectively would have this community quota allocated to it if that is the way that we decided to go?

Richard Benyon: You would have to have a differentiation in order for the one-way valve to exist. So that would be absolutely vital.

Q107 Amber Rudd: Do you think there is an argument for environmental and social criteria playing a role in allocating quota?

Richard Benyon: Yes. Certainly on the social side of it I am firmly of the opinion and always have been that a fishing industry in a particular community is intrinsically linked to so many other aspects of that community, not least tourism and the whole sense of place and sense of worth that that community feels. That is why I unashamedly voice the issue of a social dimension to fisheries policy, particularly in the inshore fleet. That is why I think this community interest framework is a really exciting way forward. It offers the potential for those communities to be part of the fishing industry and vice versa. It binds it all in. Environmentally, we are developing policies off our own bat, but also through the CFP, to link the fishing industry with every aspect of the marine environment. For too long people have viewed the marine environment in terms of silos—that is a mixed metaphor—but it has been absolutely disastrous for the fishing industry to be seen in exclusion from our policies on marine aggregates, on marine conservation and on renewable energy. It has resulted in fishermen feeling excluded from the debate, squeezed in terms of the areas of the sea that they are able to exploit, plus all the tiers of management that have come down on to them. We are absolutely determined, with the input of marine planning and the marine strategy framework, to have a co-ordinated view of which fishermen are part. I am really trying to do this through the development of our marine conservation zones—although I am sure there are unhappy people

from time to time and there always will be—to make them feel part of decision making. That is not something that is just done on a project-by-project basis; these are organic plans that go on so that we can integrate our fisheries' concerns with all the other activities that go on in the seas.

Amber Rudd: Thank you.

Q108 Chair: May I just ask about Filey, in my constituency, which is apparently the third most deprived coastal area? It has been excluded from the FLAG—the Fisheries' Liaison Action Group—which stops at Flamborough, just short of Filey on the east Yorkshire coast. Is there any reason that the people of Filey should have been left out? You mentioned that they should be involved in the marine conservation zones. Is it just that the MMO is working its way around the coast? They feel very upset that they have been left out.

Richard Benyon: I will certainly look into it; I want as many people involved as possible. I don't know those circumstances, but allow me to investigate and get back to you.

One of the points that I recognise is that a lot of people who work for green NGOs get up in the morning to campaign, to go to meetings and to take part in precisely these sort of meetings. Fishermen get up in the morning to work on their boats or go fishing. If they have the energy at the end of the day to drive to York or wherever the meeting is happening, that's great, but that sense of equivalence has to be brought into it. On marine conservation zones, I should say I am getting as much criticism from green NGOs that I am listening too much to the fishing industry as I am from the fishing industry saying that I am listening too much to the green NGOs. Perhaps I might be getting it somewhere near right, but time will tell.

Q109 Thomas Docherty: You touched already, in your answer to Ms Rudd's question, on this dual role you have as the English fisheries Minister and the UK fisheries Minister, and you mentioned that you have had some dialogue with the three devolved Administrations. May I press you to clarify the nature of that dialogue? Has it been Minister to Minister; has it been official to official; has it been written; and has it been a distinct discussion or has it been part of a wider round?

Richard Benyon: The many hours I have spent in the UK delegation room in Brussels with—we talk about coalitions, and I know about coalitions—a Scottish National party Minister in Scotland, a Sinn Fein Minister in Northern Ireland, a Labour Administration in Wales and Conservative and Liberal Democrat Ministers in the United Kingdom; that is a proper coalition. We all agreed and we worked hard through that process, so I know how to get on with devolved Governments, and I hope we will continue to do so whoever is in control in whatever devolved Administration.

That is a very important point, because this is much more important than politics. This is about an industry in crisis, and I think there has been a genuine working together at ministerial level and at official level to recognise that fact. Each different party in the United

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

Kingdom has different pressures and different dynamics to their fishing industry. What we are talking about in our consultation is England. There are particular issues in Wales, there are a lot of conservation issues, and there are smaller fisheries management organisations such as the Crown dependencies, which are relevant—particularly in the Irish sea, in one case. There has been a lot of work at official level to make sure they understand what we are trying to do here, as there has been on various marine Acts and how we implement those. I don't know whether either of you wants to say anything on this?

Gavin Ross: Just so that the other devolved Administrations have been fully involved and they fully understand what it is we are looking to introduce in England, the key thing has been discussing to make sure that what we do still enables Scotland, Wales and Northern Ireland to continue to manage their inshore fishing effort in the way that is best for them, while enabling movements of fisheries around the coast on a reasonable basis.

Q110 Thomas Docherty: I think it's probably fair to say that in an ideal world we would have a common inshore policy around the United Kingdom, and I won't press you as to which of the four Ministers you feel is doing the best job, particularly with the elections coming up in the three devolved Administrations. Do you get the sense not only that the devolved Administrations understand what you're trying to do in your consultation, but that we could see a similar model being mirrored in the other three parts of the United Kingdom?

Richard Benyon: I think they understand what we're trying to do. I always remember one of the first conversations I had with a very senior leader of a Scottish fisheries organisation. I asked, "What should be my priority?" He said, "Do something for the English under-10m fleet. They are having a really rough time." I thought that was interesting coming from him. This is a classic area where devolved Government should work, because I'm not sure that you can have one policy. You can have essential principles that you agree on, but this offers the opportunity for devolved Government to work and be more effective. As we move towards regionalisation—provided we can get through, and I sense a real determination among other European countries about that—it offers an opportunity. Of course, there need to be links, because fish don't recognise borders—and some fishermen don't either.

It is also important to recognise the impact of our policies, because they can cause displacement. For example, there was a problem some years ago when scallop fishermen were denied access to a particular area. They went in large measure off the Welsh coast, which caused concerns there and there were closures. The displacement effect means that we must ensure that there is good working at official level, and at a ministerial level, too.

Q111 Barry Gardiner: Minister, I got the catch of the day, because I'm able to ask you about discards. I want to put three questions to you, almost in reverse

order. Currently, there are no management plans in place for many fish species, either because they are deemed to be non-commercial, or historically, they are fished at very low levels. If campaigns such as "Fish Fight" and Government efforts to stimulate new markets are successful and encourage sales of those lesser known species, there will be no data on the species or quotas to determine what effect the increased supply will have on the stock, which could lead to the collapse of that stock. So, first, will you establish management plans for non-quota species in UK waters?

Richard Benyon: We should be concerned about suggestions that there should be a blanket ban on discards for precisely that reason. Overnight—apart from the practicalities of managing a fish room on a boat on a high sea with a discard ban—you will stop all reporting, and the situation that you described will be across all quota stocks. That is why it requires intelligent solutions. We are doing work at the moment through a project in Defra called "Fishing for the Markets", which is trying to understand and improve the evidence base on precisely those stocks that you referred to. Such stocks are being discarded not because of the perversities of the quota system, but because there is no market for them. To be perfectly frank, we don't know the true impact that that is having. We know, however, that a lot of these fish stocks could have a market, and I want to develop that.

Q112 Barry Gardiner: I absolutely understand that, and I think what you are doing in that area is great—perhaps colleagues will ask you further questions in that direction. My concern is that if the efforts are successful—and let's hope they are—it will be important at some point for you to establish management plans for what are currently non-quota species. I want to know that you are taking account of that in your thinking.

Richard Benyon: I will ask Gavin to say something here.

Gavin Ross: I think it will depend partly on whether the alternative markets for these fish develop into a market where they are targeted, as opposed to providing a market for something that would otherwise be discarded. Currently, the fish are dying but not being used. If what we can achieve enables them to have a market and to be eaten and used, but doesn't increase the current rates at which they are being taken from the sea, we are in a better place. I fully accept your point, however, that we need to do work to understand what level is a sustainable catch for those alternative species.

Q113 Barry Gardiner: Good. That takes me on to the second and, in one sense, logically prior point, which is on the co-operation between the fishing community and science. At the moment, quite honestly, as far as the fish is concerned, it doesn't mind if it's dead on a plate in a gourmet restaurant or if it's dead back in the ocean. It makes no difference to the fish. More critically, the impact on the marine ecosystem is going to be the same, and it could be extremely damaging, but we don't know. Therefore,

 16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

how can you get better data about recording the discards that are taking place? What co-operation can you have? Can you pass a regulation that insists that all discards are recorded and that there is a proper scientific record available to the scientific community to properly establish the biomass of these fish? You could then go on to what was my first—but logically second—point, which was to establish management plans for that.

Richard Benyon: We are developing the Fisheries Science Partnership, which is proven to provide the answers that you're talking about. In certain areas, I find a much better relationship between scientists and fishermen than I do in other areas, and it is something that we are working hard to achieve. You are absolutely right that we have to improve the evidence base, and you can do that through co-operation or regulation. I would prefer the former. The development of electronic logbooks, which we have financed for vessels above 15 metres, is an aid to science, and it simplifies skippers' activities. If you try to create virtuous circles like that, where they actually have to do less, but they provide more data, I think that's a step forward.

Gavin Ross: Just on the "Fishing for the Markets" project, which you mentioned, Minister, there is some supermarket involvement in that process, and they are clearly interested in targeting unused stocks. However, it would have to be demonstrated that that would be sustainable, so if you have a local area that is picking it up, the market will require evidence that it is a sustainable level of catch before that will take off. That is being incorporated as part of the work on the "Fishing for the Markets" project.

Barry Gardiner: Thank you for that. I don't want to stray on to what colleagues will want to ask you.

Chair: Could we have briefer questions, Barry?

Q114 Barry Gardiner: This is my final point. With respect to the inshore fleet—you have scientific monitoring above 15 metres—at what point, if co-operation didn't work, would you consider saying that you are prepared to ban discards?

Richard Benyon: I would like to start by saying that what we know works. We know that catch quotas will result, this year, in zero discards from those boats in the scheme. We know that Project 50% in the south-west has seen a greater than 50% reduction just by encouraging fishermen to change their techniques. That is the direction of travel that I want to go in every stage. Fishermen should be part of the solution, rather than part of the problem. Some people like to quote Norway as a wonderful free-for-all for fishermen. Norway, however, has the most rigorous and strict control mechanisms on its fishing industry. Fishermen get severely punished if they fail. Carrot and stick have to be balanced, and I think we have used too much stick in the past and we should use a bit more carrot.

Ultimately, however, we have a problem. It is not just a problem of quotas, which is a major reason for discards, but discards have now awakened a fury in the public and rightly so. I applaud all those who have pushed, and politicians must step up to the mark. If that requires us to take out measures, we will, but,

at every stage, my default position is to work with the fishermen.

Q115 Neil Parish: You talked about "Fishing for the Markets". I see that it started in December and that there will be an interim report in May. You have talked a little about linking in the supermarkets, but how do you and Defra see this developing and making it work in a greater way?

Richard Benyon: First, to analyse what we're talking about—a better evidence base and understanding why it has been discarded; secondly, to see whether there are markets that can be created. Since the "Fish Week" television programmes, I know that there has been demand for species such as dab. It is great that people are trying them out, hopefully liking them and sustaining them. There's a lot more we can do in supply chain assistance. There may be markets for these that exist beyond our shores to assist us in an export venture.

Gavin Ross: We also see "Fishing for the Markets", in the longer term, feeding into the community groupings. One of the areas that could take off is, if you have a local fishery that is taking unusual species and is being marketed on that sustainable basis, that would be one way in which a local community is taking control and looking to ensure that all the catch is used from their local inshore fleet.

Richard Benyon: I would add that we are developing a lot of evidence about premium value for fish, where you market it locally and create a brand. This ties in with the community interest link. There is a considerable incentive to fishermen to try to develop that premium value—fish to fill in the gap from whatever community—and to support not only local restaurants and retailers, but those beyond. People want to buy into that connection.

Q116 Neil Parish: I very much welcome this, but it is reckoned that in 2008 up to 54% of fish were discarded, so we have a long way to go yet. The other point—this is not part of "Fishing for the Markets", but it is linked—is my pet subject: surely if fishermen were able to land all they caught and didn't discard anything, you'd need to have a market for the fish that humans don't want to consume or that is not terribly fit for consumption, but which is fit for making fish meal that can then be fed to farmed fish. It is a resource that is out there. Are you looking at ways in which you could have some sort of incentive for fishermen to land that fish, perhaps on a voluntary basis, even if you do not have a uniform discard ban?

Gavin Ross: Certainly, that would be an option. If you move down the route of no discards—if that is the way you are going—you will be looking at having to find a market for all the fish that are landed. Clearly, there is an aquaculture sector in the UK now. It is an area in which, across Europe, there is a wish to try to increase the production that comes from aquaculture within the community. That is one area where you would think there should be synergy to enable that to happen.

Q117 Neil Parish: So don't you think it would be a good idea for Defra to be in advance of this, because

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

it is a resource that will be needed? World fish stocks are, I believe, going to be depleted. We are eating more and more fish, so where is it going to come from? The farmed fish sector is useful and you need to feed those fish, so are you likely to put forward some ideas on this?

Richard Benyon: This is why I think that “Fishing for the Markets” is precisely the sort of thing that government departments should be doing. It is about finding out how to solve a problem and nudging people in the right direction. If we worked through to a system in which there was some kind of ban or greater regulatory imperative, and if we could reward fishermen for a proportion of what they land and for recording it, while also making it a self-funding exercise because we had developed precisely those kinds of markets, I think you could create a double virtue. It requires us to do a lot of work, and this is the project to do it. It is successful and it will continue to be so.

Q118 Neil Parish: Okay. Thank you for that. On my final question, I represent part of Devon, so I am delighted that the Devon beam trawler fleet has been involved in the idea of reducing discards by 50%, especially by altering the type of gear used, catching less juvenile fish and the like. I ask the Minister why, if it can be done in Devon, it can't it be done all around the British Isles?

Richard Benyon: It can be, and such conservation methods are being dealt with in a variety of ways. I applaud local fishermen for the way they have responded to it. I think today or tomorrow is the date by which they must say whether they will join the expanded catch quota scheme, and I hope that some Devon fishermen will apply for that, which is another way that fishermen can prove they are good stewards of our seas, and also deliver precisely what the 650,000 people who signed that petition want.

Q119 Neil Parish: My final point—I've always believed this, and I think you do—is that unless the local fishermen sign up to the conservation measures, we can make all of the rules we like, but they're out on the seas in all winds and weathers and, shall we say, they don't always admire the rules.

Chair: Minister, can you answer that question together with Thomas Docherty's?

Thomas Docherty: As I asked before, with your UK hat on, how are you progressing in signing up all four Ministers to a common view on tackling discards?

Richard Benyon: To answer Mr Parish's question, I am absolutely certain that it is about developing and extending that trust, which I talked about earlier. I think most fishermen obey the rules, of course they do, but if you introduce an arbitrary, poorly thought through ban—one thing we've learned from fisheries management is that if you don't include fishermen and involve them in the solutions, then the incentives push some to break the rules. I think it's really important that we learn from the past.

Mr Docherty, to address your point on working with devolved Administrations on discards, I think we are all on the same page. The Scottish Minister and I have discussed this, and I think there are many good points

made. For example, in the Northern Irish white fish fleet—such as it is now, being much depleted—they have developed fishing systems that have seen serious reductions in discards. I am determined that we learn from what they have done. There are many other stories of good practice: the Scottish industry's real-time closure policy; the catch quota scheme; and other policies promoted by the fishing industry with the support of devolved Ministers. We will continue to work closely together, and recognise that this is the big issue as far as the public are concerned.

Q120 Chair: Minister, can I drag you to four quick questions, if you wouldn't mind answering them all together? While the spotlight is on fisheries, how we can make the best use of that to actually to achieve a reduction in discards? You mentioned changing people's tastes, so that we are not throwing away unwanted fish. Can we learn from the Norwegian example, where I understand they are protecting juvenile stocks? What steps are you taking to role out the principles of Project 50% across the English fleet, and could you give more detail? And can you confirm that the Government will be working with scientists in whatever proposals come forward on discards?

Barry Gardiner: Chair, might I very briefly—

Chair: No.

Richard Benyon: I will ask Gavin to deal with the Project 50% question. How do we make best use of the spotlight? I think that we are. Maria Damanaki was absolutely right to call a special meeting to discuss discards, precisely because of the message she was getting from so many of us: that this was an affront not just to the public, and not just to me and those of us involved with the issue on a daily basis, but also to the fishermen concerned. We want to deal with it, and I think she was absolutely right. I made the point at the meeting that her predecessor, Joe Borg, rightly raised this issue in a similar way, but here we are still talking about it five years later and it is still happening. For goodness' sake, this is the window of opportunity. We can continue to do stuff off our own bat—and we will do in UK waters—but the serious minimisation of discards must be at the heart of the opportunities offered by a reform of the Common Fisheries Policy. That will be our driver. The UK is at the forefront of trying to get proper, radical reform of this broken policy. I can assure you that we are using that spotlight. I think that the argument is won in the UK.

Q121 Chair: Project 50%?

Richard Benyon: The battle now is abroad and we are working hard on that.

On the Norwegian juvenile project, we have policies to protect juvenile fish. I have spoken about real-time closures and other things. We can all learn from other countries and, in some cases, they can learn from us. Gavin, do you want to talk about Project 50%?

Gavin Ross: Project 50% has been a successful project. We, as officials, need to work with the fishermen who have been involved with that and come forward to the Minister with recommendations on how best to roll that out nationally, potentially across the UK.

16 March 2011 Richard Benyon MP, Isabella Murfin and Gavin Ross

Richard Benyon: On the science projects, yes, we have protected funding into R&D and scientific research into improving our evidence base. This will continue to be an important area. I want to build more trust between science and fishermen, and I want to improve the evidence base that we have for the policies that we want to take forward. Some of the best examples of that that I have seen relate to scientists going on boats with fishermen and building a relationship and an understanding of the dynamic of their business. In addition, the fishermen gained an understanding that having a good science base protects their futures because we are able to argue, as we did in December, on the basis of sustainability. I am really proud that we had the result we did in December. We were arguing the whole time on the basis of sustainability and an ecosystems approach to management. That is really important.

Chair: Mr Gardiner is going to give us a textbook example of a short question.

Q122 Barry Gardiner: On the 50% trial, what measures have you taken to ensure that the fleet there, which started with a high level of discards, does not simply revert to the less sustainable gear? What incentives are you providing to ensure that they maintain good progress?

Gavin Ross: One of the incentives is the financial benefit they gain from not having that level of discards and having a better quality and size of products. So the biggest incentive is if there is a better commercial return, while sustaining their future. That is the strongest driver.

Chair: I thank the Minister and his team very much for being with us. I know that we will probably see you later in the year if we undertake a fuller inquiry, but we are grateful for your being with us this morning and for being so full in your answers.

Written evidence

Written evidence submitted by the New Under Ten Fishermen's Association Ltd (NUTFA)

SUPPORTING THE UNDER 10M AND NON-SECTOR FISHING INDUSTRY

I believe that it will be vital to provide the Committee with the opportunity to receive oral evidence in addition to the attached written submission from this organisation on the basis of its requirement to provide only brief written evidence (<1,000 words) presented herein cannot possibly adequately supply other than the simplest of overviews.

The summary of main points within the submission, related specifically to the issues identified by the Committee are:

(1) *Is the current quota management system fit for purpose and how might it be improved?*

- The current system is both unfair and unjust as well as being potentially illegal.
- It is predicated upon Defra's abrogation of their duties with respect to the allocation and management of quota within the UK.
- Responsibility for quota management has been effectively gifted by Defra to Fish Producer Organisations that have been recognised as in urgent need of revision, specifically with regard to transparency of operation.
- A very significant proportion of the UK quota is held by non active fishing interests and leased back to working fishermen at great expense, an unacceptable use of a public resource.
- The quantities of quota allocated do not reflect the significant amount of fish on the ground and that greater use of fishers information should be encouraged.
- That both environmental and social criteria should be considered as one basis for future allocation, that quota should be loaned, not gifted, and to working fishers only, and on a use it or lose it agreement.

(2) *Are the current arrangements fair to small scale fisheries?*

- The system of quota allocation is based on the reported track record of catches by vessels in excess of 10 metres length during a reference period in the mid 90's but entirely omitted the catches of all vessels of less than that length, a sector that now makes up 75% of the active English fleet and one that has been almost entirely disenfranchised within the process.
- The under 10 sector has access to only 4% of the available quota.
- Defra's Rules of Quota Management have been routinely ignored by officials for some years with respect to their ability to reallocate quota that is not utilised by the over 10 sector.
- Small scale fishers are going bankrupt for lack of quota that is held, but not utilised year on year by the Producer Organisations.
- The small scale sector is and has been prevented from "owning" quota and has no dedicated Producer Organisation to acquire, hold and manage quota on its behalf and therefore no opportunity to invest in access.
- Defra have ignored written evidence of track records held by under 10 metre fishermen, as well as evidence from their own stratified sampling results at the time that this process was used to allocate quota and subsequently.
- There is no consideration of any alternative allocation method such as the use of environmental and social criteria where the small scale fleet is recognised to have particular benefits over its larger brethren and not least in relation to operation within the forthcoming and extensive Marine Protected Areas within inshore waters.
- Small scale fishers do not have the ability to move far from their local waters and the loss of access to fishing opportunities therein unfairly discriminates against them.
- That small scale fishers have lacked effective representation for many years and that this has resulted in the current skewed system of quota "ownership".

(3) *Is Defra taking all possible steps to reduce the level of discards?*

- The aforementioned refusal by officials to reallocate unused quota to small scale fishers results in extensive and unnecessary discarding of marketable fish.
- The meagre amount of quota allocated to the small scale sector has the same result and fails to recognise the additional benefits of the extensive use of passive and selective fishing gears used by the majority of the small scale fleet.
- It has been the industry rather than Defra who have been responsible for a reduction in discarding.

- No—the allocation of fishing opportunities based on impact (environmental, fishery and social) would significantly reduce discards at the same time as increasing local employment within the industry.
- The current approach resolutely ignores the fact that many small scale fishers have No discards and thereby fails to reward them with improved access.

(1) In terms of our summary note referring to the potential illegality of the current method of quota allocation, I respectfully direct readers to Annex I of this submission, that is a brief consideration by a senior lecturer in law of the legality or otherwise of the allocation methodology. In turn, the article is based upon a full report compiled by the same author and presented at Annex II for information.

In short, it suggests that there has been an ongoing and unauthorized privatisation by stealth of a public resource, that Defra and its predecessors have knowingly and willingly contributed to this process, that there are legal precedents that illustrate the abrogation of the Government's legal obligations (mainly to Fish Producer Organisations), including the breach of a United Nations Covenant under international law as well as anti competition regulations at both UK and European levels. The Report strongly suggests that HMG and the Devolved Administrations turn their attention to the issues of illegal delegation, anti competitive practice and unauthorized privatisation without delay.

NUTFA's own work underpins these assertions and supports the report conclusions, not least in light of Defra's current aspirations to introduce a full individual transferable rights regime with respect to the future allocation of UK fish quota.

In addition to the above, a very significant, yet unknown proportion of the UK quota is held by other than working fishermen. We assert that this is an unacceptable use of a public resource, especially one that is the lifeblood of the commercial fishing industry and vulnerable fishing communities and that the costs of leasing, amounting in many instances to in excess of 30% of a vessels grossings is not only iniquitous but forces vessels to sea in extreme conditions as well as increasing discards in order to maximize the value of the catch.

Additionally, the current system of speculative quota trading provides no benefits to coastal communities or crews and has the potential to drive small scale, low impact fishing activities out of business in favour of less environmentally acceptable and larger operations. (*see Annex III for Danish example of the impact of the introduction of ITQ's to the inshore fleet*)

The current system is underpinned by a fisheries science process in urgent need of support and much improved industry / science cooperation. The EU Fisheries Commissioner has chosen to rely almost entirely on fisheries science for management purposes and it is vital that real and meaningful improvements are made (some are already working) so that the information available from fishermen can be utilized within the decision making process of setting TAC's and quotas.

I conclude this section by suggesting that work is undertaken to consider alternative criteria to the current methodology for allocation specifically including the use of environmental and social elements. (*please see Annex IV & V for information on this approach*) In addition, resources should only be allocated (loaned) to working fishermen and on a use it or lose it basis.

(2) The small scale (under 10 metre) sector makes up 75% of the active fleet in England yet has access to only 4% of the available quota. In addition, the sector is prevented from purchasing, holding or trading in quota and this has disenfranchised the sector in light of the current value of quota that is outwith the ability of small scale operators to afford. (ie when quota was first introduced, Cod quota was circa £30 per ton, it now costs £1,600).

Despite the existence, both then and now, of an extensive and provable "sales" track record by many under 10 metre fishers, together with the Departments own and extensive stratified sampling of these catches, Defra's predecessors blatantly ignored the true level of catches of this sector and awarded almost all quota entitlements to the over 10 sector. Whilst it may be convenient for the current Administration to ignore these unpalatable facts, it beholds them to give due consideration to a revision of historic allocations, especially in light of comments made at (1).

In recent times and despite under 10 metre fishers going bust for want of quota, Defra officials have year on year ignored their own Rules of Quota Management that state, at Section 16: (*note: my underlining*).

16. REALLOCATION

16.1 Administrations recognise that the primary means of maximising uptake of UK quota is the facility for the swapping of quota between groups. However, Administrations reserve the right, after consultation with those concerned, to take quantities of individual stocks from any group which appears to them unlikely to be able to catch its allocation in full, and to reallocate this amongst those groups most likely to make use of it.

16.2 In considering any requests from groups for reallocation Administrations will have regard to whether those making the request have made genuine efforts to acquire additional quota through realistic swaps with those groups holding surplus quota.

There are a number of examples where Producer Organisations have resolutely held onto very significant amounts of quota that they have never utilized year on year but that would have meant the difference to small scale fishers between surviving or going to the wall. Despite the quotation from Defra's own Rules above, no reallocation has ever been made in this respect.

The Committee should be aware that small scale fishers do not have the ability to pursue fishing opportunities outwith their local area due to the size of their vessels. The lack of access to fishing opportunities in their locality acts as a double whammy for them in this respect.

Finally within this section, we do not believe it to be coincidental that the historic lack of representation of the small scale sector is reflected in the way that quota allocation and management has evolved for the benefit of the large scale sector.

(3) In light of the Committee's requirement for written submissions to be restricted to less than 1,000 words, I will rely on comments made within our Summary paper to provide responses to the question on Discards.

Jeremy Percy
Chief Executive

27 February 2011

Written evidence submitted by the National Federation of Fishermen's Organisations (NFFO)

1. It is significant that although the EU logbook requirements only apply to vessel over 10 metres in length, amongst all EU member states, it is only in the UK that this breakpoint has been used to apply profoundly different management approaches above and below that line.

2. From the introduction of pressure stock licences and quotas in 1984, the under-10m fleet has been treated differently from larger vessels. The essentially *arbitrary* dividing line at 10 metres has been used to apply a *differentiated* approach that has ultimately been to the disadvantage of the small boat fleet. Despite the introduction of certain protective measures, such as *underpinning* of under-10m allocations, during the 1990s and into the new century, it became increasingly clear over that for a number of key stocks, there was a growing imbalance between the quota available to the under-10s and the capacity of the fleet fishing them.

3. These *underlying difficulties* were initially obscured by the relatively lax arrangements for counting the catches of the under-10m fleet. In fact the problems that would ultimately surface with a vengeance were building over the period.

4. Significantly, a number of policy decisions were taken that had the effect of excluding the under-10s from arrangements that proved of considerable advantage to vessels in the producer organisations in the over-10m sector. As the whole whitefish sector strove to offset the economic effects of dramatic reductions in Total Allowable Catches as the EU applied a precautionary approach to fish stocks, these provided a degree of flexibility and headroom in which the POs were able to operate.

- Up to the limited decommissioning scheme for under-10m vessels in 2009, the small boat fleet was excluded from the previous five rounds of fishing vessel decommissioning that reduced the capacity of the over-10m fleet between 1993 to 2005 by a third to two thirds, (depending on area of operation and target species)
- Although a number of under-10s have elected to be members of producer organisations, the quotas of the under-10 metre fleet have continued to be managed centrally by Government through monthly limits applied to pooled quotas. This contrasts with producer organisations who each year receive the quota entitlements of their members and are subsequently able to arrange their quota management arrangements in ways to suit their members' fishing patterns.

5. The *delegated responsibilities* for quota management held by producer organisations evolved into a form of *rights based management*. This has proved to be very successful in providing POs with flexibility to tailor their quota arrangements to regional and seasonal variations. By contrast, the centrally managed under-10 quota pool has been relatively *inflexible*, despite attempts to profile monthly catch limits to anticipated fishing patterns.

6. The problems facing the under-10 meter sector became acute with the introduction of buyers and sellers registration legislation in 2005. This required fish buyers to submit sales notes, including those relating to for under-10m vessels that, in aggregate, gave a much more comprehensive picture of catches made by this part of the fleet that had previously been *estimated* on the basis of fairly crude sampling arrangements.

7. Although registration of buyers and sellers requirements revealed a significant imbalance between the catching capacity of the under-10m fleet and its quota allocations, it is important to appreciate that the underlying problems had been building over three decades. The main driver had been the relatively relaxed quota and licensing constraints in the under-10m sector before 2005 by comparison with the increasingly regulated over 10m sector. This difference in operating conditions led to a *migration of fishing effort* into the under-10 sector, despite a number of licensing ruled applied to limit it.

8. Although at least part of the increase in fishing effort in the under-10m fleet was certainly the result of the upgrade of the catching capacity of their vessels by existing under-10m operators, the transfer of effort from the over-10 sector was also significant. This sometimes took the form of over-10m operators selling their over-10 vessel and quota and reinvesting in high-capacity under-10m vessels, referred to variously as *rule-beaters*, *super under-10s* or *high-catching* under-10s. Whatever their origin, there are approximately 160 of this class of vessel, which catch in the region of 60% of the under-10m pool quotas (by value). These vessels have catch and fishing characteristics very similar to vessels in the over-10m sector. This is the nub of the problem facing the under-10s.

9. MMO Statistics for 2009 describe the activity of the under-10m fleet in the quota fisheries in England as:

Figures approximate:

- 160 vessels (7%) High catching vessels.
- 800 vessels (36%) Mid catching vessels.
- 1,280 vessels (56%) Low catching or no catching vessels.

Overall, it is estimated that 31% of the English under-10m fleet are dormant, with no recorded catches of any stock (quota or non-quota).

10. Against this background the NFFO has advocated a policy of reintegration of the fleets, bringing the high catching under-10s into mainstream quota management arrangements. Reintegration would involve:

- The extension of delegated quota management arrangements to the under-10m sector, through the formation of producer organisations, or equivalent, for under 10s.
- Bringing the larger under 10s into line with the arrangements for over-10s by encouraging them to operate through existing producer organisations or newly formed POs of their own.
- If a system of rights-based management is to be applied to the whole of the under-10m fleet, then safeguards would be required to prevent over-concentration of quota; this should include a *one-way valve* that would allow under-10m groups to buy quota in the form of FQAs from over 10s and each other but would not allow purchase of under 10m FQAs by over-10s.
- More flexible ways of managing the under-10 pool quotas and a move away from centralised quota management by Government.
- Extending to the under-10s the facility to swap, trade and lease of quota in-year, as a flexible means of ensuring full uptake of UK quotas and matching supply (unutilised quota) with demand (for particular quotas).
- Transitional support for the establishment of self-management by under-10s through the transfer of quota associated with decommissioned fishing vessels.

11. The problems facing the under-10metre sector in terms of quota shortage are concentrated in a number of specific stocks. It is clear however, that allocating the under-10m pool allocations to all of the under-10m vessels who fish for quota species (around 600 vessels) will not be sufficient to ensure their viability under the new regime; although some reduction in the size of the under-10m fleet would be expected, as some operators take the opportunity to leave the industry on the basis of the proceeds of sale of their allocations. Therefore, some form of redistribution will be required.

12. Redistribution from one part of the fleet to another is fraught with legal and ethical difficulties. It is for this reason that the NFFO has advocated a publically funded *decommissioning scheme* as a way of releasing quota for this purpose, as well as achieving a more sustainable balance between capacity and available quota in the under-10m sector. A decommissioning scheme, carefully designed, would release quota held by decommissioned vessels; that quota could be used subsequently to ease the entry of the under-10s into mainstream quota management arrangements. As Government policies have largely been responsible for creating the problems in the under-10 fleet, our view is that it manifestly has a moral duty to provide the means through which those problems are solved.

13. Defra has chaired a number of meetings since last summer of a working group comprised of the main industry representative bodies for the under and over-10m fleets to discuss a way forward on these issues. Defra has shared with us the conclusions it has drawn but we have not yet seen the consultation paper that will outline them in more detail.

14. The essence of the new Defra approach (as we understand it) is to:

- Dissolve the under-10m quota pool.
- Allocate the pool quotas to the vessels with a recent track record of fishing against the pool quotas through the allocation of Fixed Quota Allocations.
- From 1 January 2012, the 130 high catching under-10s would be responsible for managing their own quota affairs inside or outside an existing or newly formed producer organisation.

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- From 1 January 2013, the remaining under-10m fleet would receive their FQAs and be encouraged to form *community quota groups* to manage their allocations collectively; some might affiliate with existing POs; others may set up their own organisation with professional management; a variety of institutional forms are available to give effect to this arrangement including cooperatives, public interest companies, or producer organisations.
 - The under-10s in community quota groups would be encouraged to actively manage their allocations by operating in parallel ways to producer organisations by tailoring their quota arrangements to their members requirements, leasing, swapping and transferring quota in and out to match supply with demand.
 - The FQAs associated with community quota groups would be regarded as *foundation quota* and it would not be permissible to sell or transfer this outside the group.
 - These arrangements would be associated with a redistribution of underutilised quota from the producer organisations to the under-10s; and a one-off realignment of FQAs that would transfer between 0.5% and 5% of some PO allocations to the non-sector.

15. Leaving aside the fraught question of quota redistribution, the NFFO considers the Defra proposals to be a brave and imaginative response to a complex and difficult problem that requires urgent resolution. Many practical questions of how the policy would work in practice remain to be discussed but the essential approach of providing a means for the under-10s to manage their own quota affairs with viable quotas is the right one.

16. With the right kind of support, under these arrangements under-10s could develop producer organisation type bodies of their own, manage their quotas more flexibly and ensure that they have a strong voice in the various representative structures.

17. The current top-down management arrangements have in many ways disenfranchised the under-10s and have created an inertia that it will be a challenge to overcome. But the idea of under-10s organising their own affairs, overcoming the problems of geography and fleet diversity, engaging professional quota managers to look after their interests and speak out on their behalf is an attractive one. Many questions remain to be answered and details worked out but the direction of travel is right.

18. The issue of redistribution is a thorny one as it is a zero sum game and the NFFO has no wish to become arbiters between winners and losers within its own membership. The producer organisations will have to make a judgement on whether the price asked to resolve the under-10m problem is a price worth paying. Much depends on the specifics of which stocks and quantum; and to date that information has not been made available. We remain of the view that a decommissioning scheme would provide the cleanest, most effective way to provide quotas to ensure a successful transition to the new arrangements for under-10s. We are not oblivious however to the constraints on public expenditure at present.

19. The discussions between industry organisations on a way forward for the under-10s have been very productive and Defra appears to have leant heavily on them in drawing up its new approach. In broad terms we support this approach, whilst retaining our reservations on the issue of redistribution. Going forward there are many unknowns about how a system of management based on community quotas would work in practice. In principle we support this development and argue strongly for the resources and effort that would make it a reality. As a guide and rule of thumb it is important that this approach is made to work for four groups:

- The under-10s in the new community quotas.
- The high-catching under-10s.
- The producer organisations.
- Government.

There is always the danger that a good idea can be spoiled by poor implementation but we hope, and will work for, an outcome that will bring some stability back into the under-10 metre fleet through extending the advantages of delegated responsibilities for quota management to this sector of our industry.

Links to the various NFFO statements on the under-10m issue are given below:

http://www.nffo.org.uk/news/sustainable_access.html

http://www.nffo.org.uk/news/future_under.html

NFFO

March 2011

Written evidence submitted by the Department for Environment, Food and Rural Affairs (Defra)

Many thanks for your letter of 18 March requesting further information on a number of points following on from the evidence session on fisheries reform, at which Richard Benyon gave evidence. I am sorry for missing your deadline of 6 April.

Regarding question 98, it is not possible to determine from the datasets held by the Marine Management Organisation which quota holders might be defined as a “quota trader” or a “slipper skipper” as currently we only capture information regarding licence holders and associated FQAs. The data-sets do not identify how quota/FQA’s are utilised in practice. We are, however, considering establishing a national FQA register with our colleagues in Devolved Administrations, which, in time, could evolve into a quota trading platform. This should help improve the transparency of quota holdings, and will potentially increase flexibility of swaps/trades amongst the UK fishing fleet.

On the issue of reallocation of unutilised quota, mentioned in question 92, there are several reasons why the in-year reallocation of unused quota is not currently undertaken. For example, quota holders may be retaining their quota to fish later in the year, or to use as swap currency to acquire different quota. The prospect of reallocation can encourage a race to fish, which could mean that fish is targeted out of season, thus increasing effort and discards of other stocks. Such reallocation may also impact on prices due to a surplus of fish on the market. Furthermore, there is also a risk of “ghost” fishing in order to secure ongoing access and prevent reallocation—something that is difficult to enforce against. However, as was explained at the evidence session, there is widespread support for acting strategically to ensure that quota which is consistently under-fished is used more effectively, and proposals for fisheries reform in England set out an approach to this for consultation.

During the evidence session on 16 March, the Chair also asked for further information concerning Filey not being included in the local Fisheries Local Action Group (FLAG) that had been formed as part of European Fisheries Fund implementation. Further information is attached in Annex 1.

With regards to the proposed consultation launch date, we have not yet confirmed a launch date although we do hope to be able to confirm this shortly. We will of course keep you informed with regards to this matter when we have further clarity.

I hope that these answers have been of some help. Please let me know if there is any further information that you would find useful.

14 April 2011

Annex 1

MEMBERSHIP OF HOLDERNESS COAST EUROPEAN FISHERIES FUND AXIS 4 FISHERIES LOCAL ACTION GROUP

At the Environment, Food & Rural Affairs (EFRA) Select Committee hearing on 16 March, the Chair asked Mr Benyon to look into the circumstances surrounding some of her constituents from Filey being informed that they would not be able to join the local FLAG.

The European Fisheries Fund 2007–13 (EFF) is a European Commission scheme which seeks to promote sustainable fisheries and aquaculture. Within the UK, approx €138 million of funding has been made available from the Commission for EFF. The total EFF funding for Axis 4 is €4.6 million, this aims to provide localised support for coastal communities in decline by helping them to develop a sustainable future through, for example, promoting ecotourism and heritage buildings. Funding and project management is administered through the FLAGs themselves.

Six Fisheries Local Action Groups (FLAG) have been set up under Axis 4 of EFF to access EFF funding: Cornwall, North Devon, Hastings, Holderness Coast, North Cumbria Coast and North Norfolk. The purpose of FLAGs is to provide real support to communities that would otherwise not benefit from EU support, and encourage localism.

The Marine Management Organisation (MMO) has responsibility for delivering EFF in England. Part of this role is the promotion and facilitation of the England Axis 4 FLAG selection process. The process to determine the FLAGs has been broken into three stages:

- (i) Area Selection: the local groups completed an expression of interest, demonstrating how their geographical region represents areas with a low population density, fishing in decline and small fisheries areas;
- (ii) Selection of the Partnership: the proposed FLAGs completed an application form for assessment which included details of how the group is set up and the details of the lead partner they have nominated to represent the group.
- (iii) Formulation of a Local Development Strategy: the FLAGs approved at the Selection of Partnership stage develop a strategy in consultation with members of their community which identifies priorities for support. The strength of the Local Development Strategy will help to determine the level of funding which is granted to the FLAG from Axis 4.

The Holderness Coast FLAG submitted their Selection of the Partnership application form which detailed the geographical area which would be included in their group. This extended to Bempton in the north of the area to Spurn Point in the south. The northern extent of the FLAG is approximately eight miles south east of Filey. The FLAG boundary is based on the East Riding of Yorkshire county boundary and covers the Holderness Lobster & Shellfish Fishery.

Filey and the surrounding area, along with the rest of the English coastal areas were able to submit applications into the MMO FLAG selection process. However, an application was not received from a group representing the Filey area.

The geographical area of the FLAGs was approved as part of the Second Stage Selection process and the areas are not be able to be changed once the approval has been granted.

The MMO has had contact with local groups who were either unsuccessful in the initial FLAG Selection process or are interesting in forming a FLAG in the future. However, for additional FLAGs to be created and approved within the current EFF scheme, additional EFF funding would need to be made available for Axis 4. To enable this, funding would need to be re-allocated from other Axes within EFF.

The existing funding level for all Axes including Axis 4 is documented in the EFF Operational Plan document, which has been agreed with the Commission. To re-allocate funds within the axes, a Business Case will need to be completed and sent to the Commission outlining the rationale and impact on the agreed targets and assumptions. As there is demand for greater Axis 4 funds to allow for additional FLAGs, it would appear reasonable to present a rationale to move funds from other under used Axes into Axis 4. This will be progressed as part of a wider proposal to reallocate funds to areas of demand.

ISBN 978-0-215-55994-4



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