

**THE HIGHLAND COUNCIL**  
**PLANNING, ENVIRONMENT AND DEVELOPMENT**  
**COMMITTEE**

**13 August 2008**

Agenda Item	
Report No	

**SCOTTISH GOVERNMENT CONSULTATION: SAFEGUARDING OUR FISHING RIGHTS - THE FUTURE OF QUOTA MANAGEMENT AND LICENSING IN SCOTLAND**

**Report by Director of Planning and Development**

**SUMMARY**

This report introduces a Scottish Government consultation on the future of quota management and licensing in Scotland. A copy of the full consultation is available from: [www.scotland.gov.uk/Consultations/Current](http://www.scotland.gov.uk/Consultations/Current) A response is sought by 22<sup>nd</sup> August 2008. Committee is recommended to consider the draft response attached at Appendix 2 and to approve the response subject to any additional points members wish to add.

**1. Introduction**

1.1 The Scottish Government has published a consultation on the future of quota management and licensing in Scotland. Responses are sought by 22<sup>nd</sup> August 2008. Proposals have been drawn up in partnership with the fisheries sector and in order to promote and discuss them, Government officials have been meeting with the fisheries sector in all fisheries areas.

**2. The Government's goals**

2.1 The Government and the industry believe that well managed quotas and licensing arrangements will anchor the future success of fishing in Scotland. The Government proposes to achieve this by:

- Ensuring that Scottish fishing communities retain their fishing rights, now and for the future, and that fishing rights remain a Scottish national asset;
- Promoting a shared approach where all concerned are involved in managing quotas;
- Encouraging the holding of quotas by those who can fish them, and preventing them becoming a speculative asset;
- Providing a stable regulatory environment for the Scottish fishing fleet, for those investing in its future, and for fishing communities;
- Encouraging the growth of businesses and the regeneration of the fleet, and to keep down the cost of quotas.

2.2 It is suggested that, recognising the importance of safeguarding the future of fishing in the Highlands, Highland Council would support these goals.

### **3. Proposals for the future of quota management and licensing**

3.1 A range of proposals are presented under the following broad headings:

- Stewardship and Access
- Safeguarding our Rights
- Fishermen at the Heart of Quota Management
- Supporting our Communities
- The Licensing System
- Maintaining our Skills
- Working with Others

3.2 Details of proposals within each subject area are attached at Appendix 1 for consideration.

### **4. Highland Council response**

4.1 A draft Highland Council response is attached at Appendix 2 for consideration and approval.

### **5. Fit with Administration Priorities for Action**

5.1 It is suggested that responding to this consultation assist the Council achieve the following Priorities for Action:

- Vigilance in protecting the environment
- Supporting enterprise and accelerating economic growth
- Increasing the prosperity and wellbeing of people in the Highlands

### **6. Resource Implications**

6.1 There are no resource implications attached to this paper.

#### **RECOMMENDATION**

Committee is recommended to consider the draft response attached at Appendix 2 and to approve the response subject to any additional points members wish to add.

Signature:

Designation: Director of Planning and Development

Date: 6 August 2008

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Ref:

**Background Papers:**

1.0 Scottish Government consultation: Safeguarding Our Fishing Rights – “The Future of Quota Management and Licensing in Scotland”; June 2008.

Scottish Government Consultation: Safeguarding our Fishing Rights – The Future of Quota Management and Licensing in Scotland.

Scottish Government Proposals

Stewardship and Access

Scotland is one of the largest sea-fishing nations in Europe. The seas around our coast have provided a rich harvest for our fishing industry for generations. They have also nourished a wide range of allied industries in our coastal communities.

In recent years, the fishing industry has worked hard to re-establish a reputation - not just at home, but beyond our shores - for responsible fishing and stewardship of the marine environment. Increasingly, Scotland's fishermen promote the industry and their products by their own positive actions. They acknowledge the importance of proper regulation. The industry still faces challenges, but there has been a return of confidence and, with it, a renewed sense of vibrancy.

Our commitment is to every part of the industry in its efforts to prosper and grow. This means we must manage our fisheries in Scotland in a way that is appropriate to the industry's needs.

Safeguarding our Rights

Fishing rights are the lifeblood of our fishing communities. The fishing quotas we receive are an asset of national importance. We all have a stake in them - quota-holders, Government and the Scottish people at large.

The fishing industry is committed to responsible and sustainable fishing. Our job is to help the industry grow, to maintain a level playing field for quota-holders, and to safeguard the public interest in this important asset. We have to balance the rights and responsibilities of fishermen with the national interest. We need a framework that can deal with unforeseen shocks, such as a change in the EU quota allocation. We must work towards sustainable economic growth. Against this background, we propose to:

- grant "stewardship rights", which will offer quota-holders more certainty in respect of their share of the annual quota allocations
- periodically review these arrangements in light of the benefits they bring to Scottish fishing communities and the wider Scottish economy
- define "Scottish quota" as quota deriving from the Fixed Quota Allocation ( FQA) units associated with the licence of a Scottish fishing vessel, and in the first instance managed either by a Scottish Fish Producer Organisation ( PO) or directly by the Scottish Government Marine Directorate
- set up a public register of Scottish quota-holders that gives details of Fixed Quota Allocation holdings associated with individual Scottish licences. This will make information on quota holdings more transparent and easier to access

- issue a set of unique serial numbers that identify Scottish Fixed Quota Allocations and allow us to track their movements.

### Fishermen at the Heart of Quota Management

We want to make sure that fishing rights remain in the hands of Scottish fishing communities for the social and economic benefits they bring. The closer the quota is held to those who actually fish it, the more control these communities have over their destinies. By improving the current quota allocation and access arrangements, and making them flexible enough to meet the needs of fisheries businesses, we plan to put Scottish fishermen at the heart of quota management.

The measures we propose will define the way we manage quota in Scotland and lay the foundations for the future growth of the fishing industry. We propose to:

- keep the link between quotas and individual vessels by continuing to allocate quotas on the basis of the number of Fixed Quota Allocation units held on licences. This system is well established and understood. It helps hold costs down. It allows the Scottish fishing fleet to know where it stands and plan ahead, and it helps keep fishing rights within Scottish fishing communities
- allow Scottish Producer Organisations limited access to strictly controlled "dummy" licences that they can use for community quota schemes, or for the benefit of their members and/or the wider community
- require the holders of Fixed Quota Allocation units who are not active in the fishing industry to relinquish their Fixed Quota Allocation holdings to active fishermen within 6 months of the establishment of a Scottish system. This would help keep quotas close to those who fish them
- require Scottish quota-holders to show that at least 70% of their business income over three years is derived from catching and marketing fish, as a way to help keep quotas linked to those most active within the industry
- introduce an incentives scheme for key fish stocks to make it easier for those who can fish them to hold the necessary quotas, while taking account of the relevant economic, social and environmental factors
- allow active licence-holders to transfer their Fixed Quota Allocation units without the need for a formal licence transaction with a view to helping quota holders align their fishing opportunities better with their quota holdings, while reducing costs and paperwork
- continue to allow quota holders to transfer their quotas or Fixed Quota Allocation units within the UK. We would, however, require fishermen who acquire Scottish Fixed Quota Allocation units to demonstrate a genuine and direct economic benefit to Scotland
- modernise the whole quota management system by moving it from the current paper-based arrangements to the internet.

## Supporting our Communities

It's essential to the wellbeing of our coastal communities that quotas are available to all fishermen, whether they're members of Producer Organisations, or in the 10 metre and under (10mu) sector, or the non-sector.

We devolve most of the management of quotas to Producer Organisations, along with the responsibilities for marketing. We recognise them on the basis that there are clear economic links between their members and the areas they represent, and that their underlying aim is to support their local fishing industry and the wider community.

In the case of Producer Organisations we propose to:

- start by allocating Scottish quota only to Producer Organisations recognised in Scotland. If any organisations outside Scotland subsequently acquire Scottish quotas or Fixed Quota Allocation units, they will be asked to demonstrate economic benefit to Scotland in terms of the quota deriving from those units
- ensure that all Producer Organisations' plans and strategies properly reflect members' requirements
- review the arrangements for Producer Organisation board membership and consider including non-executive board members
- standardise the disciplinary processes relating to Producer Organisations so that they are all working to the same system
- encourage Producer Organisations to develop marketing plans which are in line with the overall aims of the industry, and which deliver benefits to their local communities
- ensure that our management arrangements for Scottish Producer Organisations are as transparent and accountable as possible.

The Scottish 10mu and non-sector combine to make up a diverse fleet which mainly fishes inshore waters. These vessels form an important part of many fishing communities around our coastline, including some of the most remote parts of the country. We propose to:

- maintain the "pool" arrangements which enable us to allocate quota to a wide range of 10mu and non-sector fishermen, who prefer not to become members of a Producer Organisation
- introduce permits for the crucial Scottish langoustine (nephrops) fishery, which is of great importance to many non-sector and 10mu vessels. We are concerned about limiting langoustine fishing effort to protect both the health of the stock and the livelihoods of those fishermen who depend on it. In due course, we may also consider other possible restrictions such as limits on the numbers of creels or the type of gear used by trawlers
- review the Scottish North Sea langoustine quota allocation to 10mu and non-sector groups. This has been problematic in recent years, largely because of low quota levels against a backdrop of under-fishing of langoustine generally. Now we are proposing to increase the initial "pool" allocations of North Sea

langoustine, from 2009, by transferring (subject to consultation) a small amount of quota, taking into account circumstances in the fishery, from Scottish Producer Organisations. This arrangement will be reviewed and consulted on each year

- introduce an "exit" scheme that would enable vessels with the necessary capacity and ambition to quit the 10mu and non-sector pools and join a Producer Organisation. By allowing them to leave the pool with some quota on a temporary basis, to make it easier for them to join a Producer Organisation.

### The Licensing System

The new quota management arrangements would need a complementary new Scottish licensing system which:

- maintains the link between vessels' activities and their ability to create economic and social benefit for Scottish fishing communities
- maintains the necessary controls, is simple, easy to understand and not unduly burdensome on fishing businesses.

A central plank of the new licensing system will be the definition of what a Scottish vessel is, along with evidence of its economic link to Scottish fishing communities. We propose that it will be a condition of a Scottish licence that fishing vessels carry a Scottish Port Letter Number ( PLN), and be administered at a Scottish Fishery Office and a member of a Scottish recognised Producer Organisation, or managed directly by the Scottish Government Marine Directorate. We want to make sure that the licensing process is simple, effective, and business-friendly. We will set up a Scottish licence review body.

### Maintaining our Skills

Without new young crews and skippers all our other efforts are in vain. The fishing industry depends on them. So does our vision of strong, prosperous coastal communities. Improving access to quota and licences is a vital piece of the jigsaw. It will help break down the current barriers to entry, and encourage more people to pursue careers in the fishing industry. We're talking with the Scottish Fisheries Council to see how best to recruit new blood to the industry. We envisage a new entrants' scheme, along with a national quota reserve.

### Working with Others

How will our system work alongside those in other parts of the UK? We have to recognise that they may also evolve, and while it's our priority to look after our own fishing communities, it would certainly be in Scotland's best interests to work closely with our counterparts and businesses elsewhere. To this end we propose to continue allowing licence transactions, quota swaps or leases, and Fixed Quota Allocation transfers between Scotland and other areas of the UK.

Scottish Government

May 2008



Scottish Government Consultation  
Safeguarding or Fishing Rights: The Future of Quota Management and Licensing in  
Scotland

Draft Highland Council Response

Highland Council recognises the importance of the fishing industry in its area and has long supported initiatives that seek to safeguard fishermen's rights and ensure the long term sustainability of fishing activity. The Council therefore welcomes this current consultation and the opportunity to contribute towards safeguarding the future of fishing in the Highlands.

Specific questions from the consultation are addressed below:

Safeguarding our Rights

*Q1. Do you agree with our proposals to identify and manage fishing rights in Scotland by granting "stewardship rights", to provide greater certainty for quota holders while safeguarding the position for future generations?*

Yes. Highland Council supports the proposal to create stewardship rights and welcomes the additional certainty that they should afford fishermen. The Council also welcomes the proposal to review these rights on a 5 yearly basis to ensure that they are being exercised in line with new Scottish quota management rules and that they are providing as much benefit as possible to those that wish to use them.

Highland Council agrees that Scottish quota should be defined initially as quota derived from the FQAs held by Scottish licensed fishing vessels, managed by recognised Scottish Fish Producers Organisation (PO) and managed by the Scottish Government Marine Directorate. A register of Scottish quota holders makes good sense and should improve transparency and ease of access to information on quota holdings.

Fishermen at the Heart of Quota Management

*Q2. Do you agree with our proposals for POs holding licences?*

Yes.

Given the established nature of FQAs it makes sense to retain FQAs and to allocate quota on the basis of the number of FQA units held on a licence.

The Council supports the concept of community quota and welcome the proposals to establish a mechanism allowing POs to hold quota for this purpose. The Council also recognises the need for POs to hold quota in common for their members. The Council therefore welcomes proposals not to limit the amount of quota held for these purposes. Annual audits of quota held will ensure transparency and should provide an indication of the level of community quota held and the success of the concept.

It is important, in support of flexibility and business continuity, that vessel agents and fish salesmen are also permitted to hold quota where required. However the Council considers that there should be limits to the amount of quota that can be held by agents and salesmen. The Council is unable to offer advice on the limits to be set but they should be the subject of discussion between POs, the Government and agents/salesmen.

*Q3. Do you agree with our proposals to ensure that those holding quota have as close a link as possible with the active industry in Scotland, including any particular views on the proposals set out?*

The Council welcomes the proposal to ensure that FQAs (quota) will not be held outside the active fishing industry and where it is, there should be time limits placed on the transfer of FQAs to active members of the industry. The Council welcomes the proposal to maximise the linkage between active fishing and the holding of FQAs and supports the 70% proposed. It makes good sense to limit these proposals to vessels over 10 metres or with a turnover of more than £100K /annum as they are the vessels most often fishing quota species. Measures to assist small scale, part-time and crofter fishermen are welcome.

*Q4. Do you agree that a quota incentive scheme would provide a safeguard to ensure as far as possible that quota uptake can be optimised and costs for the active industry reduced, while taking particular circumstances which may have affected uptake into account?*

Yes.

POs which can demonstrate their ability to use quota should be able to access the quota held by those that consistently fail to utilise their quota. However there may be economic and environmental reasons for the failure to meet expected quota uptake and the Council is glad to see that these have been recognised and that tolerances are to be established within which shortfalls would be deemed insignificant. As the system is implemented it should be possible to fine tune arrangements between POs.

*Q5. Do you agree with our proposal to enhance quota holder flexibility by permitting FQA transfers from an "active" licence?*

Yes. There is a need to improve flexibility, transparency and to reduce costs allied to the movement of FQAs to areas where they would be put to best use.

*Q6. Do you agree that we should modernise the current arrangements for quota administration and exchange through an internet-based management system?*

Yes. Allied to the proposed register of quota, an internet based system should reduce costs and increase overall efficiency and transparency.

*Q7. Do you agree that Scottish POs and quota holders should continue to exchange in-year quota and FQAs with POs/vessel owners elsewhere in the Country?*

Yes. The proposal to ensure that a demonstrable economic link remains, even if the quota is exchanged with POs outside Scotland, is particularly welcome. However

demonstrating an economic link should not unduly limit flexibility to fish in different areas of the UK.

### Supporting our Communities

*Q8. Do you consider that our proposals will improve sectoral management in Scotland?*

Yes. Highland Council agrees with the Government that POs should have responsibility for sectoral management and that they should also be encouraged to become more involved in marketing and quality control. The Council is particularly pleased to see that the Government also plans to monitor POs interactions with the community and that the focus for there interaction should be encouraging young progressive fishermen and establishing community quota schemes.

Government intentions to enhance monitoring of PO quota management activities against business plans and strategies; and to broaden PO board membership should enhance overall transparency and support POs to become very powerful organisations with roles ranging across fisheries development as well as community development.

*Q9. Do you agree with our package of measures to help safeguard the viability of inshore vessels fishing quota species?*

Yes. Highland Council welcomes the Government's intention that the non-sector and 10 metre and under pool should be reserved for smaller inshore vessels which do not catch significant amounts of quota stocks.

The Council supports the Government's intention to:

- Maintain the pool for non-sector and 10metre and under vessels, managed by the Scottish Government;
- Introduce non-sector and 10 metre and under langoustine permits in order to cap effort and secure stability in this fishery;
- Review the annual non-sector and 10metre and under langoustine allocation with a view to increasing the initial "pool" allocation, followed by annual review thereafter to reflect need;
- Introduce an "exit" scheme to encourage vessels fishing in the non-sector and 10metres and under pools to join a Scottish PO.

### The Licensing System

*Q10. Do you agree with our proposals to identify Scottish vessels as part of establishing arrangements tailored to Scotland's requirements?*

Highland Council believes that there is great complexity around the UK licensing system at present. The introduction of a Scottish licensing system which seeks to ensure economic and social benefits and which simplifies licensing arrangements is much needed. The Council supports the proposal to identify Scottish vessels and recognises that in the vast majority of cases there will be no need for action on the part of vessel owners to comply with the conditions proposed. However 4 months may not be long enough for those that need to take action to comply with the conditions. If there is

flexibility (in terms of administering changes) built into the change over arrangements, there should be minimal disruption and cost involved.

*Q11. Do you agree that we should establish a Scottish economic link requirement to ensure a beneficial connection to Scotland's fisheries dependent populations and associated industries?*

Conditions requiring economic linkage already exist on UK fishing licences. For the purposes of the proposed Scottish licensing system it makes sense that an economic link should be demonstrated. It is important however to ensure that the economic link conditions do not impact on fishers flexibility to land wherever is most convenient. For example, fuel prices currently play an important role in regulating landing patterns and this is likely to continue while prices remain high. Highland Council suggests that there may be merit in re-visiting the proposal to require 70% of landings in Scotland as a contribution towards the UK 50%. Discussions with the fishing industry should provide evidence if there is a need to revisit the proposed percentage.

*Q12. Do you have any other views on our proposals for a Scottish licensing system?*

Current proposals for the licensing system are ambitious. Ongoing review of the new Scottish quota management and licensing system should indicate where there are further opportunities for improvement. Highland Council has no additional comments to make about licence proposals at present.

#### Maintaining our Skills

*Q13. Do you support our proposals to tackle the issue of how to encourage new blood into the fishing industry?*

Highland Council recognises the need to bring new blood into the fishing industry and has been involved in this work through its membership and support of the Fish Industry Training Association (H&I); and through its involvement with the FIFG Highland and Islands Fisheries Management Group. The Council therefore supports the Government's intention to establish a stakeholder working group to consider and design a Scottish new entrant's scheme and would be happy to contribute to the discussions if required. The Council also find the notion of a national quota reserve an interesting one, which could play a significant role in encouraging new entrants to the industry. The Council looks forward to further consultation on both.