

## CONSULTATION QUESTIONS

### Question 1: Capacity Penalties

Do you agree that capacity penalties on licence aggregations bring unnecessary costs to industry and should therefore be removed?

Comments: Yes

### Question 2: Licence categories

A) In light of the forthcoming landing obligation, do you agree that there is a need to change the current licensing structure?

B) Do you agree with a proposal to have only one 10m & Under Licence and one Over 10m Licence?

C) Do you agree that the lowest common denominator (see section 3.2.3) should apply when transferring or aggregating a licence within Scotland?

Comments: A) Yes.

*B) No. While the change to a one licence system may not have a large effect on fishing activity nationally, we have great concerns about the effect the change would have on licence values. The differential of value between categories has been the basis of securing loan facilities from banks for many years, to change the whole market place for licences and therefore the valuation criteria risks the fundamental financial basis of the whole industry. Licences on the very smallest to the very largest vessels in the fleet are held by banks as security. There will be no sector of the fleet unaffected by the change in licence value and therefore the ability of the banks to greatly change the loan arrangements, if not withdraw the facility altogether. The government risks the future of the fishing industry unless it is prepared to underwrite the borrowing of the entire fleet. Changes to the Scottish licensing system in isolation without common changes in the other UK administrations would cause great difficulty in the sale of vessels and licences between those administrations, effectively reducing the market place for the sale of the industry's assets.*

C) Yes

### Question 3: Mismatches

A) Do you agree to the removal of the mis-match provisions on transactions involving the use of dis-aggregated entitlements?

B) Do you agree to the proposed change in the way mis-match provisions will be recorded on the licence?

Comments: A) Yes

B) Yes

**Question 4: The validity period for unattached licence entitlements (shelf life)**

Do you believe the entitlement validity period should be extended to a 10 year period?

Comments: *No. Validity period should remain at five years.*

**Question 5: Scallop and Shellfish Entitlements**

Do you agree with the Scottish Government's proposal for the removal of scallop entitlements that have not been used within the last seven years i.e. entitlements that have not been placed on board a vessel that is rigged and operational within the fishery?

Comments: *No. Many owners have invested in Scallop and Shellfish entitlements to guard against the failure of the main sector of activity of their vessels. The likely reduction of fishing grounds through Marine Planning, MPAs and Renewable Energy developments will cause difficulties in some sectors. The reassurance of the ability to change to another sector was the driving force in many instances for the deliberate purchase of Scallop and Shellfish entitlements. For the government to remove those entitlements without compensation would inevitably result in a legal challenge. The motives for the removal of the entitlements should be examined. The call from the Scallop sector for this removal is pure protectionism by those who are active within the scallop fishery currently. Those who would see the removal of the entitlements will, in most cases, have the ability to change to other sectors but they will not wish to lose that ability. The crisis that hit the scallop sector when ASP caused widespread closures to that fishery saw many move out of the scallop fishery and into the prawn fishery. That ability was not questioned by the prawn sector at that time. Flexibility is very important to all sectors. When flexibility is removed it causes great difficulties in times of crisis. The removal of the entitlement will cause banks to re-evaluate the asset. This may lead to successful vessels that have never been active in the scallop sector and have no intention of being so, coming under pressure from their bank to re-evaluate their licence asset value leading to re-negotiation of borrowing facilities.*

*The suggested period to activate a scallop entitlement will cause many to enter a sector that wishes to limit such entry. The inactive entitlement causes no concern but a forced activity could cause damage to the scallop stocks and markets. The forced enactment will be counter-productive and likely cause greater difficulties to the scallop sector, as those holding scallop entitlements will enter that sector on an annual basis purely to maintain the track record. Shooting yourself in the foot is the phrase that springs to mind.*

*The vessels that do decide to activate the scallop entitlement within the proposed period can do so at a lesser cost than the value of the entitlement. Owners will see no choice but to carry out the activation. This is seen as an unnecessary direct cost to owners and should be paid by the Scottish Government. The vessels' loss of fishing time while carrying out this pointless exercise should also be paid by government.*

*There are many different ways to rig a vessel to fish with scallop dredges. Some do not have two separate sides of gear but will tow only one bar with dredges attached. This may be operated over the side of the vessel or over the stern. Some vessels operate two sides of gear over the stern. Some vessels do not have steel or metal sheeting to protect wooden or GRP hulls but have heavy rubber mats for protection. Some GRP vessels have heavy GRP reinforcing for protection. Some*

*vessels have strips of metal protection and not full sheeting. For Marine Scotland to specify the type of rig that will qualify as suitable for fishing scallops will have unforeseen implications. If a vessel currently active within the sector has a type of rig which Marine Scotland considers unsuitable for enactment, will that vessel lose its entitlement? For double standards to be applied will leave Marine Scotland open to legal challenge. It is unlikely that one individual owner would mount the legal challenge but his representing association or federation would be obliged to consider pursuit on his behalf.*

**Question 6: New Entrants**

Do you agree with the concept of licensing incentives to support and promote a new entrants scheme to the Scottish fishing industry?

*Comments: Yes. The likelihood of a true new entrant into the industry being able to finance such a venture is remote, unless that is done with a very small vessel. If that is the case then funding of a licence should not be difficult. Those able to consider the investment in sizable vessels are likely to be connected to fishing enterprises in some way and have access to funds. The chances of already-established fishing interests taking advantage of such a scheme is high. This is likely to lead to a situation where many in the industry have had to lose money in aggregation penalties now paying for their competitors to have a free licence. This may be looked at as unfair business practice enabled by government and could lead to calls for a public enquiry.*

**Question 7: Days at Sea/Effort Eligibility**

A) Do you agree with the removal of CRZ eligibility completely?

Or

B) Do you agree that CRZ eligibility should be kept, with an updated reference period that will roll forward annually?

Comments: Yes