



10 March 2006

GENERAL REASONS FOR THE DECISIONS ON THE ALLOCATION OF RIGHTS AND EFFORT IN THE HAKE HANDLINE FISHERY

1. Introduction

After the allocation of medium-term rights in 2001/2002 and the finalisation of the appeals processes in 2002/2003 the Department of Environmental Affairs and Tourism: Branch Marine and Coastal Management (*the Department*) commenced with preparations for the allocation of long-term commercial fishing rights.

In January 2004, the Minister of Environmental Affairs and Tourism (*the Minister*) announced the commencement of the planning phase. The Minister called on the fishing industry and all other interested and affected parties to submit comment to the Department. A comment box was opened at MCM in which comments could be placed. In order to facilitate communication with the public and fishing communities, the Department developed a dedicated fisheries website (www.mcm-deat.gov.za); it established a customer services centre (0861 123 626) at its Cape Town head office and it further resourced each of the 29 fishery control offices along the coast.

In 2004, the Department also procured the services of project management specialists, specialist legal advisers, IT specialists, and a forensic auditing consortium to advise it on the long term commercial fishing rights process. A Rights Allocation Unit was established in 2005 to co-ordinate and manage the long-term rights allocation process.

Earlier, during the latter half of 2003, rights were allocated to abalone divers for a period of ten years. In December 2004, another set of *long-term* commercial fishing rights were allocated in the large pelagic (tunas and swordfish) fisheries. Long-term fishing rights for the remaining 20 commercial sectors were scheduled for the last quarter of 2005. The Hake Handline sector is one of these sectors.

The title of this document is *General Reasons for the Decisions on the Allocation of Rights and Effort in the Hake Handline Fishery* but it will be referred to as the *GPR*.

The GPR contains a summary of the background to the allocation process and sets out the criteria and weightings, the process and method of assessment and the policy reasons for the decisions on the allocation of rights and effort in the Hake Handline sector. Every applicant for a Hake Handline right will receive a copy of this GPR and a notification letter, informing the applicant of the delegated authority's decision. In addition to these documents, every applicant will receive:

- A copy of the assessment sheet used to record the evaluation of the application by the Advisory Committee;
- A copy of the spreadsheet containing the delegated authority's summary of all the assessments and scores in the relevant area and relevant category of applicant (Medium Term Right Holder or New Entrant);
- An appeal form, which must be submitted together with the appeal (if the applicant chooses to appeal against the decision on the allocation of a right or the allocation of effort).

It is important to note that the assessment sheet was used to record the advisory committee's assessment of the application. The final evaluation by the delegated authority was captured in the spreadsheet.

Applicants will be granted access to the assessment sheets recording the evaluations of other applications. Requests must be directed to Mr Raymond Scott, 2nd Floor, Foretrust Building, Martin Hammerschlag Way, Foreshore, Cape Town. Copies of these assessment sheets will be provided at the prescribed tariff. The process set out in the notification letters will be followed in respect of requests for access to the application forms and annexures of other applicants.

The specific reason contained in the notification letter to unsuccessful applicants, together with the GPR, the applicant's assessment sheet and the spreadsheet, constitute the reasons for the decisions on the allocations of rights and effort in this fishery.

2. Policy and Application Form Development for Long Term Rights Allocation

A detailed report entitled "*Public Participation in the Development of Policy and Application Forms for the Allocation of Long Term Commercial Fishing Rights*" will be made available on the Department's website (www.mcm-deat.gov.za).

A Committee was established to co-ordinate and manage the drafting of a "*general*" fisheries policy and "*sector specific*" fishing policies. The draft policies were finalized after the Minister held a series of Ministerial *Izimbizo* with coastal communities along the west, south east and east coasts between June and November 2004 and after all registered industrial bodies and interest groups were consulted on sector

management issues. On 1 March 2005, the Minister issued for public comment 19 draft fishery specific policies and a draft general policy on the allocation and management of long term fishing rights.

A key feature of the draft policies was to divide the different commercial fisheries into four clusters. The clusters were determined having regard to the level of formal organisation within the various fisheries, the capital required for participation and the make-up of the participants in a fishery. A different allocation process (method of consultation, registration, distribution, receipting, communication and evaluation) was proposed for each cluster. The Hake Handline fishery was included in "Cluster C", along with West Coast Rock Lobster (Nearshore), the other fishery where right holders operate small commercial businesses but are personally involved with the harvesting of the resource.

The draft policies were published in isiXhosa, Afrikaans, isiZulu and English in the Government Gazette and on the Department's website and copies were distributed along the coastline. For purposes of public consultation, the notice and comment process set out in the Promotion of Administrative Justice Act 3 of 2000 and its regulations were adopted. As part of the notice and comment process, a series of public meetings were held in order to assist interested and affected parties who cannot read or write or who otherwise needed special assistance. These meetings took place during March 2005, when the Department consulted with more than 6000 fishers in 53 villages, towns and cities along the coastline. In April 2005, further consultations with communities took place in 16 venues along the coast regarding the draft traditional line fish policy. At each consultation, every comment was recorded and documented by the Rights Verification Unit ("RVU"), an independent team of auditors. At the end of the consultation process, more than 9000 fishers between Port Nolloth and Durban had been heard orally. Apart from the thousands of oral comments which were recorded, the Department also received more than 900 written comments on the policies. Significant changes were made to the policies after the comments were considered.

In May 2005, Cabinet approved the 19 "sector specific policies" and the "General policy". In July 2005, Cabinet approved the Traditional Linefish policy.

Stakeholders and affected parties were also given the opportunity to comment on the application forms before they were adopted. An abbreviated notice and comment process was followed in Cluster C. Draft application forms for WCRL Nearshore and Hake Handline were published on the website and comments were invited. Changes were made to the application forms after the comments were considered.

3. Appointing the Delegated Authority

Acting in terms of section 79 of the Marine Living Resources Act, 18 of 1998 ("the MLRA"), the Minister appointed Mr Chris Wilke of the Department as the delegated authority responsible for the allocation of long term fishing rights in the Hake Handline fishery.

4. Registration, Distribution and Receipting of Applications

A detailed report entitled “*Registration, Distribution and Receipting in the Long-term Rights Allocation Process*” will be made available on the Department’s website (www.mcm-deat.gov.za).

The application form distribution process for Cluster C commenced on Monday 25 July 2005 and lasted until Friday, 29 July 2005. During this period the Department, together with the RVU, were running 16 distribution and receipting centres along the coast, each day from 08h30 until 16h30. The distribution centres were at Port Nolloth, Hondeklipbaai, Doringbaai, Lamberts Bay, Elands Bay, Saldanha Bay, Cape Town, Hermanus, Arniston, Mosselbay, Plettenberg Bay, Jeffrey’s Bay, Port Elizabeth, East London, Port St Johns and Durban.

A total of 213 applicants registered for the Hake Handline sector, paid their application fees of R 300.00 and collected their application forms during the distribution period.

Applicants were required to lodge their applications on Thursday, 18 August 2005 between 08h00 and 19h00 or on Friday, 19 August 2005 between 08h00 and 17h00 at one of 10 receipting centres. The receipting centres were at Port Nolloth, Lamberts Bay, Saldanha Bay, Cape Town, Hermanus, Mosselbay, Port Elizabeth, East London, Port St Johns and Durban.

Of the 213 persons that registered, a total of 186 lodged their applications timeously.

5. An interactive Application Process

During the period between registration and lodgement, applicants in Cluster C were able to obtain assistance with the completion of the application form by phoning a helpline (0861 10 20 78). Applicants were also assisted at the distribution and the receipting points by trained members of the Department.

A report entitled “*The Interactive Application Process for the Allocation of Long Term Rights*” will be made available on the Department’s website (www.mcm-deat.gov.za). All the Queries and Responses (Q & Rs) dealt with by the helpline operators in Cluster C will be published as part of this report.

6. The Decision-making Process

The delegated authority was assisted by an Advisory Committee; legal advisors; the RVU and auditors; IT specialists; communication consultants; and administrative and project management specialists.

A report entitled “*The Decision-making Processes for the Allocation of Long Term Rights*” will be made available on the Department’s website (www.mcm-deat.gov.za). In short, the process of allocating commercial fishing rights in the Hake Handline sector involved the following steps:

☞ Database Development: After the applications were received by the RVU, the delegated authority instructed the IT specialists to design a database to facilitate the analysis of applicant data across a range of fields, including: whether they were crew members/skippers in the Hake Handline sector or other fisheries, the investments made by the applicants in the Hake Handline sector, the numbers of jobs created by the applicants, the compliance data, the number of historically disadvantaged persons that applied, and other transformation criteria, such as whether the applicants employed black persons and whether the applicants made donations. The main purpose of the database was to assist with the development of detailed criteria and weightings.

☞ Criteria and weighting design: After the database for the fishery had been constructed, the delegated authority, together with legal advisors, developed detailed criteria and weightings. These criteria and weightings are listed below.

☞ Constitution of the Advisory Committees: The delegated authority constituted an Advisory Committee. The following persons served on the Advisory Committee for the Hake Handline fishery –

- ☞ Mr Horst Kleinschmidt (Chairperson)
- ☞ Adv Reshma Inderjeeth
- ☞ Adv Carlo Carolissen
- ☞ Adv Anneke Els
- ☞ Adv Sharon Johnson
- ☞ Adv Nobahle Mangcu
- ☞ Ms Castalia Dikotsi
- ☞ Mr Cheslyn Liebenberg
- ☞ Mr Mbulelo Ruda
- ☞ Mr Almo Lubowski

The primary role of the Advisory Committee in the Hake Handline fishery was to assist the delegated authority by assess the applications. The Advisory Committee assessed whether the applications were properly lodged, not materially defective and the information provided in the application forms in order to determine whether the applicants met the essential requirements of the fishery and how they should be scored in terms of the comparative balancing criteria.

☞ Instructing the Advisory Committees: Each advisory committee was briefed and instructed by the delegated authority, members of the Rights Allocation Unit and legal advisors on, *inter alia*, the following:

- The applicable statutory provisions and case law;
- The general policy and the sector specific policy adopted by the Minister and Cabinet for the Hake Handline fishery;
- The current biological, economic and transformation profiles of the fishery;
- The detailed criteria and weightings to be applied; and
- The purpose of each question asked in the application form applicable to the Hake Handline fishery.

☞ Guiding the Advisory Committees: Over the duration of the verification and scoring process, the delegated authority and his legal advisors met with the advisory committee and if necessary, instructed them on the manner in which to assess the information provided by the applicants.

☞ Recording the assessment: The Advisory Committee captured their assessment of each application in an assessment sheet designed for this purpose. In their assessments, the advisory committee focused on the exclusionary and comparative balancing criteria, designed by the delegated authority. In many instances, applicants claimed in their application forms to meet certain of the criteria, but on a proper assessment of the information provided by them, they failed to do so. In such instances the Advisory Committee indicated on the assessment sheet that the applicant should be excluded (in the case of the exclusionary criteria) or should not be scored positively (in the case of the comparative balancing criteria). The main task of the Advisory Committee was therefore to verify whether the claims made by the applicants in their applications forms should be accepted or not. In many instances the assessment resulted in a change of the score awarded to an applicant. The reasons for the assessment are recorded on the assessment sheets. It should however be kept in mind that the final assessment of all the applications by the delegated authority was captured separately in spreadsheet form. The assessments contained in the spreadsheet formed the basis for the decisions of the delegated authority.

☞ Capturing the Information in spreadsheet form: After all applications were evaluated, the project management team used the database compiled by the IT specialists and the assessments of the Advisory Committee to compile a spreadsheet. The assessments on the spreadsheet were carefully considered by the delegated authority, having regard to the assessment sheets and the applications. In some instances the delegated authority did not agree with the assessment of the Advisory Committee and instructed the spreadsheet to be corrected. The Department's performance records and compliance records were then used by the delegated authority to determine whether any applicants should be excluded or penalised for serious non-compliance or non-performance. These records are available at the Department's Customer Service Centre (2nd Floor, Martin Hammerschlag Way, Foreshore, Cape Town) and were also published for comment at the time of the publication of the provisionally successful lists.

☞ Publication of provisional lists, investigation and consideration of comments: The delegated authority consulted broadly with applicants and interested and affected parties before making his final decision.

The delegated authority published a list containing the details of all provisionally successful applicants and the key claims made by these applicants. The list contained the applicant's name and surname, application number, name of the vessel nominated by the applicant, SAMSA/MCM number of the vessel, whether the applicant had worked as crew member or skipper in the sector during the medium term period, whether the applicant owned more than a 50% share in the nominated vessel and whether the applicant earned more than 50% of his or her income from the hake handline sector. Applicants and other interested and affected parties were invited to comment on the contents of the list.

☞ Decision making: The delegated authority considered the spreadsheet (containing the final assessments on the exclusionary criteria and the scores achieved by each applicant) and the comments received in response to the publication of the lists, and then made a decision in respect of each application. In some instances, comments received needed to be investigated before a final decision could be made. In order not to delay the finalisation of the rest of the applications, the delegated authority reserved his decisions on such applications and announced his decisions in respect of the rest of the applications.

7. Medium-term Allocations

In 2003, the Department allocated 86 commercial hake handline fishing rights. The rights authorised 86 vessels and more than 700 crew to target hake using the handline method. This was the first time that commercial fishing rights were allocated in this fishery and the first time that the hake handline fishery was subjected to comprehensive regulation.

The objective of the medium-term allocation process was to allocate commercial hake handline fishing rights to fishers who are reliant on the fishery for their livelihoods. Every effort was made to exclude recreational or part-time fishers who derived income from other fisheries, or who were employed in other sectors of the economy.

Of the rights allocated, 26 percent were allocated to black persons. Approximately 25 percent of the skippers in this fishery are black, while 76 percent of crew are black.

9. Applicants for Long-term Rights

A total of 186 applications were received for long-term commercial fishing rights in the Hake Handline sector.

9.1 Profile of the Medium-term Right Holder (“MTRH”) Applicants

A summary of some of the information submitted by MTRH applicants in their application forms is set out directly below. It should be kept in mind that the information provided by applicants was assessed and in some instances claims made were rejected or corrected.

MEDIUM TERM RIGHT HOLDERS	
Sector Indicators	Sector Values
Number of applicants	55
Number of individual applicants	30
Number of CC applicants	25
Number of individual HDP applicants	3
Mean percentage black ownership of CC applicants	53.58%
Number of individual female applicants	2
Mean percentage female ownership of CC applicants	22.53%
Number of individual HDP female applicants	1
Mean number of years of individual applicants' involvement in the fishing industry	14.21
Mean number of years of CC applicants involved in the fishing industry	8.15
Number of applicants that have applied in other sectors	1
Number of applicants that are members, shareholders or directors of entities that have applied for other long term commercial fishing rights	3
Number of applicants that have family members that have also applied for long term rights	3
Number of applicants that admitted non-compliance	1
Number of applicants that worked as skippers or crew members in the Hake Handline fishery	24
Number of applicants that worked as skippers or crew members in another fishery	2
Number of applicants that claimed to have managed a Hake Handline business	36

9.2 Profile of the New Entrant (“NE”) Applicants

A summary of some of the information submitted by NE applicants in their application forms is set out directly below. It should be kept in mind that the information provided by applicants was assessed and in some instances claims made were rejected or corrected.

NEW ENTRANTS	
Sector Indicators	Sector Values
Number of applicants	131
Number of individual applicants	99
Number of CC applicants	32
Number of individual HDP applicants	47
Mean percentage black ownership of CC applicants	81.98%
Number of individual female applicants	9

Number of HDP female applicants	5
Mean percentage female ownership of CC applicants	17.27%
Mean number of years involvement in the fishing industry	17.56
Minimum number of years involvement in the fishing industry	4
Maximum number of years involvement in the fishing industry	53
Number of applicants that have applied in other sectors	11
Number of applicants that are members, shareholders or directors of entities that have applied for other long term rights	3
Number of applicants that have family members that have also applied for long term rights	10
Number of applicants that admitted non-compliance	4
Number of applicants that have indicated that they will not be personally involved in harvesting the resource	12
Number of applicants that have made investment in the sector	69
Number of applicants that worked as skippers or crew members in the Hake Handline fishery	53
Number of applicants that worked as skippers or crew members in another fishery	42
Number of applicants or their members that have managed a Hake Handline business	16
Mean annual claimed income in the sector	R 192,807.93
Mean percentage of annual income generated through working in the Hake Handline sector	58.56%

10. Criteria

10.1 Exclusionary Criteria

All the applications were initially scrutinised to determine whether they were properly lodged, whether they were not materially defective and whether they fulfilled the essential requirements of the sector, including whether they presented a paper quota risk.

An application was **improperly lodged** if:

- ☞ The application was not lodged at the prescribed place within the prescribed time;
- ☞ The correct application fee was not paid within the required timeframes; or
- ☞ The application was not lodged on the official prescribed application form.

An application was **materially defective** if:

- ☞ The declaration was not signed and attested by the applicant (ie the declaration was not commissioned);
- ☞ More than one application was received from the same applicant in the same sector;

- ☞ The applicant provided false information or false documents or the applicant failed to disclose material information, or
- ☞ The applicant attempted, during the application period, to influence the Minister or the delegated authority in a manner not provided for in the General policy.

An applicant failed to meet the **essential requirements** of the sector if:

- ☞ The applicant was not a natural person;
- ☞ The applicant was not a South African person;
- ☞ The applicant was a controlling member or shareholder or a director of an applicant that has been awarded a right in a Cluster A or B fishery;
- ☞ The applicant was found guilty of serious non compliance, as defined in section 9.1(b) of the Hake Handline policy;
- ☞ The applicant will not be personally involved in harvesting the resource; and
- ☞ The applicant did not demonstrate access to a suitable vessel. The term “suitable” is defined as follows as defined in paragraph 8 of the Hake Handline policy:
 - has a minimum SAMSA registered length of approximately 5 metres and a maximum SAMSA registered length of approximately 12 metres. Essentially, the delegated authority will allocate rights to skiboats and deck boats;
 - has a functioning vessel monitoring system; and
 - is certified as being HACCP (“Hazard Analysis and Critical Control Point”) compliant.

The delegated authority decided not to exclude applicants that did not have a valid SAMSA Health Certificate because it appeared that certain SAMSA officials informed some applicants that they were not required to have such a certificate in order to be personally involved with the harvesting of the resource. Applicants should bear in mind that the Department, in future, may require SAMSA health certificates to be presented as a condition for the issuance of a permit to a right holder.

The delegated authority also decided not to require a vessel to be equipped with a Vessel Monitoring System or to be HACCP compliant. The Department, in future, may require the installation of a VMS or similar device or to be HACCP compliant as a permit condition.

10.2 Comparative Balancing Criteria: Medium-term Right Holder Applicants

The delegated authority adopted the following criteria and weightings for the scoring of medium-term right holder applicants:

Criteria	Breakdown	Weighting	Section Weighting	Major Section Weighting	Section Percentage
Investment¹			30		20%
Vessel Ownership percentage	>80%	20			
	50% - 80%	15			
	40% - 50%	10			
	>30%	5			
and					
Value of Vessel Ownership	>200 000	10			
	100 000 – 200 000	8			
	50 000 – 100 000	6			
	20 000 – 50 000	4			
	10 000 – 20 000	2			
Involvement			40		28%
Crew member/skipper in Hake Handline fishery		40			
Marketing			10		7%
Applicant has entered into a marketing agreement		10			
Transformation			55		39%
Race: Applicant is a black individual		30			
Gender: Applicant is female		10			
Race : Applicant is a Close Corporation	>50% black members	30			
	1%-49% black members	15			
Gender : Applicant is a Close Corporation	>50% female members	10			
	1%-49% female members	5			
The applicant employs black people		5			
The applicant employs black skippers		10			
Job Creation & CSI			8		6%
The applicant provides permanent jobs		5			
The applicant provides seasonal jobs		2			
The applicant has made donations		1			
Catch Data Submission					
Applicant submitted less than 6 catch returns during 2004 ²		-10			
Reliance					
Applicant reliance on Hake Handline	100%	-0			
	90%	-0			

¹ The applications were scored points for percentage ownership and the value of the investment in a vessel.

² The Delegated Authority decided to use January 2004 to December 2004 as the mid-point in the medium term rights period as the relevant period for assessing whether an applicant submitted sufficient catch returns. The reason for choosing this period was twofold. Firstly, medium term rights were only allocated in July 2002. The 2002 statistics could accordingly not be used. Secondly, the delegated authority could not use the 2005 data submitted by right holders as data for 2005 was still being received by the Department at the time of evaluation of the applications.

Criteria	Breakdown	Weighting	Section Weighting	Major Section Weighting	Section Percentage
	80%	- 0			
	70%	- 0			
	60%	-0			
	50%	-0			
	40%	-60			
	30%	-70			
	20%	-80			
	<10%	-90			
Compliance					
Applicant (or if the medium term right holder was a close corporation or company, this entity or its members, directors or shareholders) have entered into a plea bargain in respect of a contravention of the MLRA, its regulations or permit conditions. ³		-10			
The Applicant, (or if the medium term right holder was a close corporation or company, this entity or its members, directors or shareholders) have paid an admission of guilt fine for contraventions of the MLRA, its regulations or permit conditions		-5			
Total Possible Score			143		100.0%

10.3 Comparative Balancing Criteria: New Entrant Applicants

The delegated authority adopted the following criteria and weightings for new entrant applicants:

Criteria	Breakdown	Weighting	Section Weighting	Major Section Weighting	Section Percentage
Investment			20		17%
Applicant has made an investment in the sector (vessel or equipment)		20			
Historical Involvement			60		50%
Crew member/skipper in Hake Handline during medium term period		60			
Transformation			40		33%
Race: Applicant is a black individual		30			
Gender: Applicant is female		10			
Race : Applicant is a Close Corporation	>50% black members	30			
	1%-49% black members	15			
Gender : Applicant is a Close Corporation	>50% female members	10			
	1%-49% female members	5			

³ Points were deducted for plea bargains entered into in respect of non serious offences. Applicants were excluded for serious offences as set out in in section 10.1(b) of the Hake Handline policy.

Criteria	Breakdown	Weighting	Section Weighting	Major Section Weighting	Section Percentage
Reliance					
Applicant reliance on Hake Handline	100%	-0			
	90%	-0			
	80%	-0			
	70%	-0			
	60%	-0			
	50%	-0			
	40%	-60			
	30%	-70			
	20%	-80			
	<10%	-90			
Compliance					
Applicant (or if the applicant was a member, director or shareholder of a medium term right holder in another sector, also this entity and its members, directors or shareholders) have entered into a plea bargain in respect of a contravention of the MLRA, its regulations or permit conditions ⁴		-10			
The Applicant (or if the applicant was a member, director or shareholder of a medium term right holder in another sector, also this entity and its members, directors or shareholders) applicant's members, directors or controlling shareholders have paid an admission of guilt fine for contraventions of the MLRA, its regulations or permit conditions		-5			
Total Score			120		100.0%

11. The Decisions on Applications for Long-term Rights

The delegated authority allocated commercial fishing rights to 39 applicants in the Hake Handline sector. The successful applicants were allocated to 39 vessels (one vessel per right holder). The vessels can accommodate 342 crew.

Of the rights allocated, 25 rights (211 crew) were allocated to medium term right holder applicants and 14 rights (131 crew) were allocated to new entrant applicants.

The delegated authority reserved his decisions on 13 applications (4 new entrant and 9 medium term right holder applicants). This was done in order to afford the RVU sufficient time to properly investigate the comments received on these applications.

A spreadsheet of the medium-term right holder applicants, containing a summary of the assessments and scores allocated to each applicant, as well as the delegated authority's decisions is attached marked **Annexure "A"**.

A spreadsheet of the new entrant applicants, containing a summary of the assessments and scores allocated to each applicant and the delegated authority's decisions is attached as **Annexure "B"**.

⁴ Points were deducted for plea bargains entered into in respect of non serious offences. Applicants were excluded for serious offences as set out in in section 10.1(b) of the Hake Handline policy.

12. Policy reasons for the decisions on rights and effort

The reasons for excluding the applications that were materially defective or failed to meet the essential requirements for participating in the fishery have been dealt with in the General policy and the Hake Handline sector policy and will not be repeated here.

As far as the decisions on the applications in terms of the comparative balancing criteria is concerned, the delegated authority decided to allocate commercial rights to all the MTRH applicants that scored 50 points or more and to all the NE applicants that scored 50 points and more, in terms of the criteria and weightings set out above. This decision was informed by the following considerations:

- 12.1 The delegated authority regarded applicants with a score below 50 as not strong enough to justify the allocation of a right. Applicants with a score below 50 did not make significant investments in the sector or were not personally involved, in the sense that they did not work as crew in the Hake Handline sector, or these applicants were reliant on the hake handline resource for less than 50% of their annual income or they did not submit sufficient catch returns.
- 12.2 The delegated authority regarded new entrant applicants with a score below 50 as too weak to justify the allocation of a right. All of the applicants with a score below 50 did not work as a crewmember or skipper in the Hake Handline sector, or did work as crew, but were not more than 50% reliant on the Hake Handline resource for their annual income.
- 12.3 Of the successful medium term right holder applicants: 32% are HDP individuals or close corporations with more than 50% black ownership and 16% of successful applicants are close corporations with an HDP membership of between 1% and 50%. Of the new entrant applicants that have been awarded rights 28.6% are HDP individuals or close corporations with more than 50% black ownership. This is a significant improvement over the medium term, when only 26% of right holders were HDP.
- 12.4 The declining number of applications in this sector, especially when measured with reference to total number of medium term right holders against long term right applicants as well as the low reliance on the resource, strongly suggests that the bio-economic realities of this fishery are starting to impact heavily on right holders in this sector. The difficulties experienced in accessing the inshore hake resource, coupled with a significant strengthening of the Rand of the medium term period has forced

several people out of the sector and has led to right holders subsidising their Hake Handline operations from alternate income. This has led to lower reliance levels.

- 12.5 Hake stocks are currently managed in terms of a recovery strategy and the TAC for hake has been reduced each year since 2003. Current survey data indicate a confirmed downturn in the Hake resource. Performance in the sector peaked with a catch of some 2000 tons in 2002, which has collapsed to approximately 700 tons in 2005, raising the abovementioned concerns about the bio-economic sustainability of the fishery.

13. Permit Conditions for this Fishery

The Hake Handline sector policy stipulates that prior to the finalisation of permit conditions for this fishery, the Department will consult with the right holders. The Chief Director: Resource Management (“the CD:RM”) is authorised to determine the conditions in terms of which a permit issued under section 13 may be issued. There was not sufficient time to consult with right holders regarding the permit conditions for the 2005/2006 season. Consultations will however take place during the course of the 2005/2006 fishing season. In order to sustainably manage this fishery the CD: RM, after consultation with the delegated authority, and having regard to the policy objectives of this fishery, will determine permit conditions that give effect to, *inter alia*, the following:

- 2.1 Performance Measuring:** Right holders in this fishery will be measured against criteria such as catch utilisation, personal involvement, reliance, investment and compliance and sustainable fishing practices. Failure without good reason to comply with these permit conditions may result in the commencement of proceedings under section 28 of the Act.
- 2.2 Reporting:** All right holders in this fishery will have to adhere to strict reporting measures to ensure that the Department is provided with up-to-date correct catch data to ensure effective management of the fishery.

Chris Wilke

Delegated Authority: Hake Handline

10 March 2006