

Title: **An Economic Analysis of Structural Changes in the Tasmanian Rock Lobster industry After Itq introduction**

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Abstract: Concerns about declining stock and profitability in the Tasmanian rock lobster industry led to the introduction of individual transferable quota (ITQ) management in 1998. In this study, fisher groups were categorised by effort and quota ownership traits to examine response to revised management, and how profit drivers moderated this change. The number of investors who are not active fishers has steadily grown with a commensurate expansion of the lease quota market. The number of lease dependent fishers has remained steady through time while quota owner fishers have declined. In contrast to many other ITQ fisheries, the investor group has not consolidated into a small number of entities and there is little processor involvement. This was a result of fisheries rules explicitly designed to retain benefits of diverse ownership though a cap on the maximum allowed number of quota units per legal entity. Three categories of active fishers participate in the lease trade. Quota-transferring fishers lease quota both in and out, usually to secure access to quota at the start of the season with surplus quota being leased off later. Large-scale, lease quota dependent fishers have increased through time and are characterised by high fishing effort and high annual turnover but low profit per unit of fish. Small-scale lease quota dependent fishers utilise capital less fully and have less capacity to survive in the long run. These small scale lease fishers face barriers to entry into the large scale category through high upfront capital investment costs, which could hamper industry renewal. Potential issues for management that arise from lease-reliant fishers are (i) that their higher financial stress increases compliance risk and (ii) their lack of investment in quota assets reduces incentive for stewardship of the resource.