

Marine and Coastal Access Bill Impact Assessment:

Impact Assessment of Marine Provisions

Extracts relating to Fisheries in Wales

Costs to industry of more highly protected MCZ proposals in Wales

121. As is the case for English Territorial and UK offshore waters, the impact of the proposals on industry and the public in Wales will depend upon the location of these sites and the activities currently undertaken within them.
122. The industries likely to be affected by the proposals include energy (wind and tidal), extraction and dredging, ports and shipping, pipelines/cable laying, telecommunications and fisheries. In addition to these sectors, recreational users may also be affected. Given the uncertainty over the number and location of the more highly protected MCZs in Wales, it has not been possible to produce realistic estimates of the costs to these sectors. However, the report by ABPmer⁵⁸ suggested that the compliance costs incurred by industry and the public are likely to be significantly larger than the direct costs (to Government/agencies).
123. Cost benefit analysis will be undertaken at the site selection stage in order to design the sites in such a way as to avoid or minimise significant socio-economic costs.

Marine Fisheries

Costs to Government

Reform of inshore fisheries management in England

124. We estimate that the reform of inshore fisheries management in England will result in an additional financial burden on constituent local authorities⁵⁹ of £5m⁶⁰ per year⁶¹. This will include expenditure on:
- (i) effective management of estuarine and coastal areas that previously have been subject to low intervention;
 - (ii) enhanced byelaw making procedures, including improved evidence-based decision-making and consultation on Impact Assessments;
 - (iii) increased monitoring, inspection and enforcement (including more enforcement officers); and
 - (iv) improved staff training and development.
125. There will also be one-off costs related to implementation of the reform package. It is estimated that the one off cost will be between £500k and £1mn and for this IA we are using the lower estimate.⁶²

⁵⁸ 'Regulatory Impact Assessment of the Marine Bill in Wales – Final Options Assessment' ABPmer May 2007.

⁵⁹ The new burden on constituent local authorities in England will be met through an Area Based Grant funded by Defra.

⁶⁰ Defra estimate based on information provided by the Association of Sea Fisheries Committees and the Local Government Association.

⁶¹ Annual expenditure by SFCs in England and Wales is currently in the order of £6.6m and is met by constituent local authorities. The Environment Agency spends a further £350k per year on managing a number of estuaries and some coastal areas under its powers of an SFC. SFCs have been able to apply for funding from the European Commission for enforcement equipment and training and this reduces their costs.

Modernising Several and Regulating Orders for shellfisheries

126. Tighter criteria for public inquiries could lead to a slightly increased risk of costs due to judicial review of decisions by the Secretary of State to grant new Orders.

Changes to marine fisheries enforcement

127. There will be higher enforcement costs as a result of new powers in respect of Illegal, Unreported and Unregulated fishing. There will also be set-up costs to Government of approximately £200k for an IT system to issue Fixed Administrative Penalties, to track whether payments have been made and to instigate court proceedings in cases of non-payment.

Table 9: Summary of costs of fisheries management proposals (England)

	One-off costs (£m)	Annual costs (£m)
Reform of inshore fisheries management (additional burden on constituent local authorities)	0.5	5
IT system to issue Fixed Administrative Penalties	0.2	
Total undiscounted costs	0.7	5
Total discounted costs (3.5% over 20 yrs)	74.3	

Costs to industry and public

128. IFCA's will have the power to introduce a chargeable permit scheme under new byelaw making powers. Any charge would be associated with the administrative costs to the IFCA of operating such a scheme which could be used to control fishing effort for conservation and enforcement purposes. IFCA's will have to carry out a full consultation before introducing a chargeable permit scheme, and if such schemes are enacted fishermen could incur a cost, although this is expected to be negligible.

129. Proposals to strengthen existing powers to charge for fishing vessel licences would, if used, transfer some of the cost burden from the taxpayer to the industry. Currently there are powers to charge for vessel licences under section 4(4) of the Sea Fish (Conservation) Act 1967. These powers have not been used to date. Our proposals would apply in England and Wales and would allow the setting of different fees based on the cost of granting and administering different classes of licence. Before introducing any charging scheme there would be consultation to consider the potential impact on the profitability and competitiveness of the industry. The number of vessels administered in England and Wales in 2007 was 3,530. The annual cost of administering the fishing vessel licensing scheme is approximately £0.6m.⁶² If introduced the aim would be full cost recovery.

Reform of inshore fisheries management in Wales

130. In Wales, it is proposed that a proportion of the SFC posts of the North Western and North Wales SFC, reflecting the work currently undertaken by this committee in Welsh waters, and all of the posts of the South Wales SFC will transfer to the Assembly

⁶² Defra estimate. At this time this is a good indication of costs, but the figure may need to be revisited as work on implementation of the proposals continues.

⁶³ Marine and Fisheries Agency estimate.

Government under TUPE arrangements. The current cost of these posts is estimated to be approximately £1m per year and these costs are currently met by a levy on the constituent Local Authority members which is paid for out of the revenue support grant (RSG) allocated by the Assembly Government. Since Local Authorities will no longer be required to fund the SFCs, it is expected that the element of the RSG identified for SFCs will simply be retained by WAG and be allocated to the Fisheries Unit.

131. In addition to the annual running costs there will be an element of one-off set-up costs in Wales. It is difficult, at this time, to assess these costs, which cover issues such as corporate identity costs, signage, some accommodations costs, initial training etc. However, an estimate of approximately £300k should be sufficient to cover those which are known or anticipated.
132. The Assembly Government's proposed action could also result in some re-occurring additional costs. There are three main areas; these include the development of Statutory Instruments, the replacement of old byelaws and the establishment of a Fisheries Advisory Group. The Assembly Government is already heavily involved in developing new Statutory Instruments and the extra costs will be minimal. It is expected that there will be approximately three new SIs per year costing £2.8k each, resulting in annual costs of £8.4k. Given that the future development process will be far more streamlined it is even possible that there might be no additional costs for this work. It is also expected that old byelaws will have to be replaced during the first 16 years of the appraisal period. This represents additional costs of £14k annually up to year fifteen, reducing to £5.6k in year sixteen (average annual cost of £10.8k over 20 years) This is based on removing a total of 77 existing byelaws at a rate of 5 per year. The proposed Advisory Group is a new body and although the clerical support and administrative / attendance costs, for members will be met from existing resources, at no extra cost, we believe that the body will need a paid Chair. The individual will need to commit approximately one and half days a month at an expected cost, to the Assembly Government, of approximately £10k per annum.
133. As mentioned above the Bill will also review, and in some cases, simplify and revoke some confusing and or redundant fisheries legislation. These changes, plus the continuing existing fisheries management responsibilities, and their associated financial obligations, which WAG currently undertakes, such as payment to Defra for the at sea surveillance undertaken by the Royal Navy will not be affected by the Assembly taking marine fisheries management in-house.
134. The Bill will also allow for the creation of a Welsh zone, to extend fisheries competence beyond the territorial seas of Wales and within British Fisheries Limits, for the management of fisheries functions. There is no anticipated additional financial burden to the Welsh Assembly Government for the sea-based fisheries enforcement function as the Assembly Government already contributes to funding of Royal Navy to undertake operations in this area. Overall, the Net Present Value of costs (over 20 years, discounted at 3.5%) for the actions described above is estimated to be £741k.

Table 10: Summary of fisheries management proposals (Wales)

	One-off costs (£k)	Annual costs (£k)
Set up costs (occur in year 1)	300	
Sea Fisheries Advisory Group		10
New SIs		8.4
Replacing old byelaws		10.8
Total undiscounted costs	300	29.2
Total discounted costs (3.5% over 20 yrs)	741	

Marine Fisheries

Reform of inshore fisheries management

181. In England, the establishment of the MMO and a clear purpose and duties for IFCAs will lead to efficiencies due to more collaborative working between IFCAs, the MMO and the Environment Agency (EA). This will come about through the MMO and the EA sitting on each Committee, statutory consultation between these organisations, cross warranting of enforcement officers and a duty to co-operate.
182. New byelaw making procedures for IFCAs will result in clearly drafted legislation, a systematic cost-benefit analysis, and greater scrutiny through fuller consultation. This will lead to better decision making and efficiency savings for both Government and industry.
183. In Wales, the principal benefit from the Assembly Government's decision for marine fisheries is the opportunity to provide a consistent and coherent approach to managing Welsh inshore waters. By taking responsibility for fisheries management and enforcement, the Assembly Government will be able to exercise a coordinated 'all-Wales' control over local inshore fisheries management, this is expected to provide greater synergies between fisheries, nature conservation and enforcement in Welsh waters.
184. Simplifying the structure of fisheries management and enforcement in Wales will provide further benefits by reducing the number of organisations that the fisheries industry has to deal with. It also presents an opportunity to reduce the duplication of some back office activities.

Several and Regulating Orders

185. Improvements to the operation of Several and Regulating Orders for shellfish will generate efficiency savings for industry. In England and Wales the first sale value of shellfish managed under Several and Regulating Orders was £26.2m in 2004.⁸⁹ The costs to the applicant of applying for a new Order or for renewing an existing Order can range from £30k to £100k, in cases where a public inquiry is held.⁹⁰ Under our proposals to remove the need for a public inquiry for trivial objections we estimate that there would be one less public inquiry per year representing savings to applicants of up to £100k and an efficiency saving for the Government. The proposals will simplify the legislation making it easier to interpret, and will reduce administrative burdens on the grantees of Regulating Orders.

Revoking redundant legislation

186. Our proposals to revoke redundant and out-of-date primary fisheries legislation and, in some cases, to consolidate legislation, will result in more transparent, comprehensible and accessible legislation. This will reduce the complexity of the statute book and bring savings to Government from reduced transposition of EU requirements. The proposed changes to inshore fisheries legislation is also aimed at making the legislation more readily understood by the whole of the industry.

Enforcement

187. A system of administrative penalties will increase consistency, transparency and effectiveness of sanctions for minor offences. There will also be a reduced burden on Government and on industry as a result of fewer court hearings. For fishermen, these savings will be in the order of £1m in legal fees and lost fishing time.⁹¹ Savings will also

⁸⁹ CEFAS compile data on an annual basis for the production of farmed shellfish in England and Wales. These figures are published in Shellfish News, a bi-annual publication issued free to industry.

⁹⁰ Based on two actual cases.

⁹¹ Further details can be found in the final RIA to the consultation on a system of Administration for Fisheries Offences at <http://www.defra.gov.uk/corporate/consult/penalty-fish-offence/index.htm>

accrue to the Government from reducing the burden on courts and legal aid. Strengthened enforcement officer powers will result in speedier investigations and act as a greater deterrent to illegal fishing. These measures will also result in less need for secondary legislation to implement EU measures.

Table 18: Overall benefits to fishing industry from the Marine and Coastal Access Bill for England and Wales		
Region	Fisheries proposal	Annual benefits (£m)
England & Wales	Several & regulating orders	0.1
England & Wales	Changes to fisheries enforcement	1
England & Wales	Total Annual benefits	1.1
Total discounted benefits (over 20 years at 3.5%)		16.2

MMO

188. The creation of an MMO will improve the delivery of planning, licensing, nature conservation and marine fisheries functions by making more effective links between them. Establishing an MMO will bring more functions into one marine contact point so bringing efficiencies for both Government and external stakeholders.

Migratory and Freshwater Fisheries

189. It has not been possible to quantify and value all the benefits of the migratory and freshwater fisheries proposals. However, the following two paragraphs demonstrate the importance of migratory and freshwater fisheries, and the potential value placed on conserving salmon populations. The figures, however, are not used in determining the total benefits in the Impact Assessment.

190. Using a conservative first sale value, the total reported salmon catch by nets and traps in 2006 would be worth over £670k.⁹² Operating costs need to be taken into account in assessing the value of the net fisheries. In the Northeast these have been estimated at between 10 – 20% of the value of fish sold whilst in other fisheries higher figures have been quoted. The gross, first sale value of the sea trout catch is estimated at about £312k.⁹³ Lamprey fisheries are valued at an estimated £125k.⁹⁴ Operating costs for both these fisheries can be similar to those quoted for salmon fisheries. Smelt are largely caught as bycatch. The value of the fishery may amount to £100k (no extra running costs).⁹⁵ An estimate of the total value of commercial eel fisheries (glass, yellow and silver eels) is in the order of £1.6m annum; although this varies widely from year to year.⁹⁶

191. Research commissioned jointly by the Environment Agency and Defra into the economic value of inland fisheries has looked at economic aspects of freshwater fish and fishing.⁹⁷

⁹² Environment Agency estimate.

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ Ibid.

⁹⁶ Defra estimate based on HMRC import/export records in ICES/EIFAC Eel Working Group Report on the eel stock and fishery in UK 2007. A Walker, M Aprahamian, B Knights, J Godfrey, R Rosell (2007).

⁹⁷ Economic Evaluation of Inland Fisheries: Welfare benefits of inland fisheries in England and Wales. Lawrence K.S., Spurgeon, J. (2007) <http://publications.environment-agency.gov.uk/pdf/SCHO1207BNNV-e-e.pdf> and Economic Evaluation of Inland Fisheries: The economic impact of freshwater angling in England and Wales.