EXPLANATORY MEMORANDUM TO THE SEA FISHING (RECOVERY MEASURES) ORDER 2008 2008 No. 2347

1. This Explanatory Memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

2. Description

This Order brings together into one Statutory Instrument, the implementation and enforcement of control provisions contained in four different EC Regulations which together provide controls on fishing for hake, cod, sole and plaice in differently defined areas of Community waters. These control measures seek to improve the traceability of the cod, northern hake, Western Channel sole and North Sea sole and plaice stocks, to facilitate more effective enforcement of fisheries quota limits and in so doing prevent an increase in fishing effort and ensure the sustainability of fishing patterns. The Regulations are:

Council Regulation (EC) No 423/2004 establishing measures for the recovery of cod stocks ("the Cod Regulation"),

Council Regulation (EC) No 811/2004 establishing measures for the recovery of the Northern hake stock ("the Hake Regulation),

Council Regulation (EC) No 676/2007 establishing a multi-annual plan for the sustainable exploitation of stocks of plaice and sole in the North Sea ("the Sole and Plaice Regulation") and Council Regulation (EC) No 509/2007 establishing a multi-annual plan for the sustainable exploitation of the stock of sole in the Western Channel ("the Sole Regulation").

3. Matters of special interest to the Joint Committee on Statutory Instruments

This instrument carries forward and corrects a provision from the Sea Fishing (Restriction on Days at Sea Order) 2005 (S.I. 2005/393) (which Order is also revoked by this instrument), which had been reported by the Joint Committee on Statutory Instruments for failing to implement properly the relevant provision of the cod Regulation and for defective drafting (Second Report of Session 2005-06),

4. Legislative Background

4.1 The Hake Regulation imposes certain additional obligations and restrictions on those fishing for hake in the Kattegat, the Skagerrak, the North Sea, the Channel, waters to the West of Scotland and all around Ireland and the Bay of Biscay.

4.2 The Cod Regulation applies similar controls to fishing for cod in the Kattegat, the North Sea, including the Skagerrak and the Eastern Channel, waters to the West of Scotland and in the Irish Sea.

4.3 The Sole Regulation imposes certain additional obligations and restrictions on those fishing for sole in the Western Channel.

4.4 The Sole and Plaice Regulation (676/2007) imposes certain additional obligations and restrictions on those fishing for sole and plaice in the North Sea.

5. Extent

The Order applies in England and Wales, and in respect of English and Welsh fishing boats wherever they are and in respect of other boats when they are within British Fishery Limits (excluding the territorial sea adjacent to Jersey, Guernsey and the Isle of Man, and the Scottish and Northern Ireland Zones). Separate legislation establishing equivalent arrangements for cod and hake has been made by the devolved administrations in respect of the Scottish Zone and Scottish fishing boats. Legislation in respect of Northern Ireland fishing boats and the Northern Ireland Zone is expected to follow shortly.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend any primary legislation, no statement is required.

7. Policy Background

7.1 Scientific evidence shows that many of the main fish stocks found in the waters of the European Community are near to or at historically low levels caused mainly by over fishing. Without the improved fisheries control, that the EC Regulations are intended to ensure, conservation and other measures designed to safeguard fish stocks and to ensure their long-term sustainability will not be fully effective. Certain fish stocks risk collapse and this would have a significant impact on the fishing industry.

7.2 Failing to provide for implementation and enforcement of the EU controls could leave the UK open to infraction procedures by the Commission. The likelihood of this risk being realised is high, since the Commission is taking a close interest in the implementation of fisheries enforcement requirements by Member States. Effective fisheries management is a key requirement in meeting the goals of sustainable development.

8. Impact

8.1 An Impact Assessment has been carried out.

9. Contact

Julie Fitton at the Department for Environment, Food and Rural Affairs Tel: 0207 238 4435 or email Julie.Fitton@defra.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options									
Department /Agency: Defra	Title: Impact Assessme Measures) order 2	ent of The Sea Fishing (Recovery 2008.							
Stage: FINAL	Version: 1	Date: 22 July 2008							
Related Publications: Initial	impact assessment								
Available to view or downloa http://www.	ad at:								
Contact for enquiries: Julie	Fitton	Telephone: 020 7 238 4435							
The transposition of four Co measure. This SI applies in wherever they are fishing a Limits (excluding the territo	ouncil Regulations concerned respect of English and Welsh nd in respect of other boats v rial sea adjacent to the Scotti	I with stock recovery or management of fishing boats, and Crown Dependency boats when they are fishing within British Fishery sh Zone and the Northern Ireland Zone). ary powers in place to properly enforce these							

Scientific evidence shows that these fish stocks are near to or at historically low levels caused mainly by over fishing. Without improved fisheries control, conservation and other measures designed to safeguard fish stocks and ensure their long-term sustainable exploitation will not be fully effective and these stocks could risk collapse with significant impact on the fishing industry. The monitoring, control and surveillance provisions provided will enable enforcement officers to monitor compliance with the measures more effectively and ensure there is no increase in UK fishing effort.

What policy options have been considered? Please justify any preferred option.

The proposed option is to implement the Regulations. This will provide appropriate powers to be made available to enforcement officers and avoid the risk of infraction by the European Commission for non-implementation of EU provisions. Better controls will ensure long term future of the stock.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The uptake of fishing effort in the stock recovery zones will be monitored continuously by Member States against agreed ceilings which may be adjusted annually by the EU according to the stock levels.

<u>Ministerial Sign-off</u> For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister: Jonathan Shaw

.....Date: 26th August 2008

Summary: Analysis & Evidence											
Pol	icy Option:		Descrip	otion:							
	ANNUAL COSTS Description and scale of key monetised costs by 'main										
	One-off (1	Transition)	Yrs	affected groups due to requirem							
	£ 2,583		1	their intention to	o land into the o	designated p	ort, complyir	ng with			
COSTS	Average (excluding o	Annual Cos ne-off)	t	declaration	weighing requirements, complying with requirement for landing declaration						
ö	£ 340,081		1-10		Tota	Cost (PV)	£ 2.9M				
	Other key non-monetised costs by 'main affected groups' Time spent completing logbooks on entry and exit from the relevant zones; calculating the permitted margin of tolerance; separate stowage of the relevant stocks on board the fishing vessel.										
	ANNU	AL BENEFI	TS	Description and		nonetised b	enefits by 'n	nain			
	One-off		Yrs	affected groups	,						
(0)	£ n/a										
BENEFITS	Average (excluding o	Annual Ben ne-off)	efit								
BE	£ n/a				Total B	enefit (PV)	£				
evid the	To aid the Sole and I compiance Assumption ence section. Welsh Assem	e recovery an Plaice stocks e with EU Re ons/Sensitivity Enforcement is bly. The costing	nd stabi s and to equlation ties/Ris s assume gs for the	enefits by 'main a lity of the northerr o avoid the threat ons. Fishermen ca sks The hours spent of ed to be absorbed into 2004 regulations are led in the body of the	hake, cod We of infraction by <u>n fish legally w</u> on each task and a business as usua based on the bas	estern Chann the Europea <u>ithin the EU</u> assumed wage al activities by N	an Commission requirements rate are detailed Marine Fisheries	on for non- S. d in the Agency and			
	ce Base ar 2008	Time Perioo Years 10	d N £	let Benefit Range) (NPV)	NET BEN £	IEFIT (NPV Bes	st estimate)			
Wh	at is the ge	ographic cov	verage	of the policy/optio	n?		England &	Wales			
-		will the policy					CIF date				
Wh	ich organis	ation(s) will e	enforce	the policy?			MFA & WA	G			
Wh	at is the tot	al annual co	st of er	nforcement for the	se organisatior	าร?	£O				
-				ampton principles			Yes				
-				inimum EU require			No				
-				offsetting measu			£ n/a				
		· · · · · ·		reenhouse gas en			£ n/a				
		sal have a sig (-£) per organ	-	nt impact on comp	etition? Micro	Small	Yes/No Medium	Large			
(exc	luding one-off)				£2,657	n/a	n/a	n/a			
		se organisati		•	No	No	N/A	N/A			
-				eline (2005 Prices)			(Increase - D	·			
<u> </u>		£ 16k ual costs and be		ecrease of	N let) Present Value	et Impact	£ 16k incre	ase			

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

These Regulations transpose the provisions of:

- Council Regulation 811/2004 establishing measures for the recovery of the northern hake stock;

- Council Regulation 423/2004 establishing measures for the recovery of cod stocks;

- Council Regulation 509/2007 establishing a multi-annual plan for the sustainable exploitation of sole in the western channel;

- Council Regulation (EC) No 676/2007 establishing a multi-annual plan for the sustainable exploitation of north sea plaice and sole stocks.

And seek to improve the traceability of the cod, northern hake, western channel sole and north sea sole and plaice catch to facilitate more effective enforcement of quota limits and in doing so prevent an increase in fishing effort and ensure the sustainability of fishing patterns

The SI applies in respect of English and Welsh fishing boats, and Crown Dependency boats wherever they are fishing and in respect of other boats when they are fishing within British Fishery Limits (excluding the territorial sea adjacent to Wales, the Scottish Zone and the Northern Ireland Zone). Separate legislation establishing equivalent arrangements has been made by the devolved administrations in respect of the Scottish Zone and Scottish fishing boats and in respect of Welsh waters for hake. Legislation in respect of Northern Ireland fishing boats and the Northern Ireland Zone will follow shortly.

The objective of the regime is to implement the monitoring, inspection and surveillance provisions contained within the above regulations which are designed to improve the monitoring of fishing effort and traceability of the affected stocks.

(ii) Background

Measures set out in the four regulations are intended to aid the recovery and stability of the northern hake and cod stocks and establish a multi-annual plan for the sustainable exploitation of the western channel sole and north sea sole and plaice stocks by imposing certain additional conditions and restrictions on those fishing for them. The main common elements are:

• records of entry and exits to the relevant sea areas must be noted in vessel logbooks (this does not apply to western channel sole).

- the permitted margin of tolerance for recording in the logbook the amounts retained onboard is reduced from 20% to 8% .

• the affected stocks must be stowed separately from other species in vessel fish rooms.

• all quantities of the affected stocks over 50Kg (over 300kg for western channel sole and north sea sole and 500kg for north sea plaice) which are transported for first sale to a location other than the place of landing must be accompanied by a copy of the landing declaration(s) relating to the quantity being transported.

The following requirements apply to cod and northern hake only:

- vessels landing over 1 tonne of cod or 2 tonnes of hake must provide four hours prior notification of entry into port
- vessels landing more than 2 tonnes of either stock must land into a designated port

• at least 1 in 5 of all landings at designated ports must be sample weighed in presence of controllers. For England, those controllers are British sea-fishery officers from the Marine and Fisheries Agency

The following requirement applies to western channel sole and north sea sole and plaice only:

• All quantities of sole exceeding 300kg caught in the western channel and north sea (500kg for north sea plaice) must be sample weighed in the presence of controllers. For England, those controllers are British sea fishery officers from the Marine and Fisheries Agency.

Costs and Benefits

<u>Costs</u>

2004 regulations: costs for the 2004 regulations were calculated as part of Defra's baseline administrative burdens exercise¹

For Council Regulation 433/2004 (cod recovery), the annual costs calculated in the baseline are shown in Table 1:

Table 1

		Hours spent on task	Wage rate	Unit cost	Internal overhe ad	Total unit cost	Popul ation affect ed	Total cost
Providing 4	Familiarisation	107.5	15.14	1628	488	2116	231	488,796
hours prior notice of landing	Gathering/pre paring	46.67	16.2	756	226	982	231	227,043
	External cost					901	231	208,131
	Total							923,970
Cooperating with audits/inspe ctions	Gathering/pre paring	0.5	16.2	8.1	2.43	10.53	259	2,727
	Inspections	0.5	16.2	8.1	2.43	10.53	259	2,727
	Submitting information	0.5	16.2	8.1	2.43	10.53	259	2,727
	Settlements	0.5	16.2	8.1	2.43	10.53	259	2,727
	External cost					600	259	155,400
	Total							166,309
Returns and reports	Calculation/re porting	0.25	9.6	2.4	0.7	3.1	1079	3,345
	Familiarisation	0.25	9.6	2.4	0.7	3.1	1079	3,345
	Gathering/pre paring	0.25	9.6	2.4	0.7	3.1	1079	3,345
	Total (assuming 41% of estimated cost is business as usual)							5,944
Grand total								1,096,16 1

Notes: figures may not sum correctly due to rounding

Internal overhead assumed to be 30% of internal unit costs Population affected calculated according to relevant number of boats, number of landings etc

¹ Department for Environment, Food and Rural Affairs: Administrative Burdens Measurement Exercise July 2006

For Council Regulation 811/2004 (northern hake recovery), the annual costs calculated in the baseline exercise are shown in Table 2:

Table 2

		Hours spent on task	Wage rate	Unit cost	Internal overhead	Total unit cost	Populati on affected	Total cost
Providing 4	Familiarisation	55.75	15.18	846	254	1100	62	68,188
hours prior notice of landing	Gathering/pre paring	24.83	45.19	1122	337	1459	62	90,458
	Calculation/re porting	0.833	16.2	13.5	4	17.5	62	1,085
	Inspection	12	9.6	115	35	150	62	9,285
	Meetings	0.75	16.2	12.15	3.6	15.8	62	980
	External cost					450.5	62	27,931
	Total							197,927
Cooperating with	Familiarisation	0.0833	9.6	0.8	0.24	1.04	68	71
audits/inspe ctions	Gathering/pre paring	0.5	9.6	4.8	1.44	6.24	68	424
	Inspections	0.5	9.6	4.8	1.44	6.24	68	424
	Total (assuming 29% of estimated cost is business as usual)							653
Accompanyi ng hake with appropriate landings declaration	Gathering/pre paring	50	46.2	2,310	693	3003	796	2,390,388
	Total							2,390,388
Grand total								2,588,985

Notes: figures may not sum correctly due to rounding

Internal overhead assumed to be 30% of internal unit costs

Population affected calculated according to relevant number of boats, number of landings etc

The figures for the 2004 regulations use estimates that were calculated as part of the administration burdens exercise. However, they are considered to be high for a number of reasons:

- The familiarisation and gathering/preparing figures for the 4 hour prior notification seem excessive, in terms of the hours spent on the task. The requirement is simply to make a call/send a fax or email to the port.;
- The wage rates used for the different activities vary considerably and seem high, especially for gathering/preparing hake notifications/declarations; in addition, it is not clear why different wage rates should be used for one regulation compared to another;
- The activities covered in each of the assessments varies: for example, both 2004 regulations require that all quantities of the affected stocks over 50Kg which are transported for first sale to a location other than the place of landing must be accompanied by a copy of the landing declaration(s) relating to the quantity being transported. This makes up the bulk of costings for the hake regulations but not for the cod regulations.
- There are no specific actions arising from this Regulation in respect of co-operation with audits/inspections. Inspections etc would be carried out as a normal part of control and enforcement work under the Control Regulation.

A number of adjustments have therefore been made:

- For the requirement to provide 4 hours prior notification: the costs for familiarisation have been adjusted downwards to reflect a more realistic number of hours and wage rate. 75% of the gathering/preparing and calculation/reporting costs are assumed to be business as usual. In addition, for hake, no additional inspection and meeting costs are expected, therefore these have been reduced to zero.
- The section on co-operating with audits/inspections has been recorded as 0 as there are no specific costs involved arising from this Regulation. The costs are reflected in costs under Council Regulation 2847/93 the Control Regulation.
- For the hake regulations, the costings associated with providing the relevant landing declaration have been adjusted to reflect a more realistic number of hours and wage rate.

These adjustments are shown in Table 3 and 4 below:

		Hours spent on task	Wage rate	Unit cost	Internal overhe ad	Total unit cost	Popul ation affect ed	Total cost
Providing 4 hours prior notice of landing	Familiarisation	0.166	9.6	1.6	0.48	2.08	231	480
	Gathering/pre paring (assuming 75% of costs are BAU)							56,760
Audits/Inspe ctions	All costs							0

Table 3: Council Regulation 433/2004 (cod recovery) baseline adjustments

		Hours spent on task	Wage rate	Unit cost	Internal overhead	Total unit cost	Populati on affected	Total cost
Providing 4 hours prior notice of landing	Familiarisation	0.166	9.6	1.6	0.48	2.08	62	129
	Gathering/pre paring (assuming 75% of costs is BAU)							22,610
	Calculation/re porting (assuming 75% of costs is BAU)							271
	Inspection							0
	Meetings							0
Accompanyi ng hake with appropriate landings declaration	Gathering/pre paring	0.5	9.6	4.8	1.44	6.24	524	3,270

 Table 4: Council Regulation 811/2004 (northern hake recovery) adjustments

This has the effect of reducing the department's baseline administrative burden by £3.36M and will be reflected in the admin burdens baseline accordingly.

In the majority of cases the requirement in the cod and hake regulations for vessels to land into a designated port does not give rise to any additional cost as landings are normally made into those ports listed.

It has not been possible to estimate the additional costs for logbook entries (although these are expected to be relatively small as they only represent additional entries into existing logbooks), or separate stowage.

No additional enforcement costs have been included as it is assumed that the activities will be included in business as usual.

To calculated the NPV of these regulations, the following assumptions have been made:

- The familiarisation activities are assumed to occur in year 1 only; other activities are assumed to be annual;
- The policy has been assessed over a 10 year period since the aim is to aid recovery of these stocks. It is assumed this will have been successful over this time period.

The NPV for these regulations is shown in Table 5 below:

Table 5

	NPV (over 10 years) £M
423/2004 – cod recovery	2.3
811/2004 – northern hake recover	0.47

2007 regulations:

The 2007 regulations have few requirements than the 2004 requirements, for example there is no requirement for logbook entries for western channel sole, and the thresholds for a required declaration where the first sale is made at a location other than the place of landing are higher.

The annual costs for 509/2007 (western channel sole regulations) have been estimated as follows:

Table 6:

Grand total								6589
	Total							6589
Accompanying sole with appropriate landings declaration	Gathering/pre paring	0.5	9.6	4.8	1.44	6.24	1056	6589
		Hours spent on task	Wage rate	Unit cost	Intern al overh ead	Total unit cost	Popul ation affect ed	Total cost

The annual costs for 676/2007 (north sea plaice and sole) have been estimated as follows:

Table 7:

		Hours spent on task	Wage rate	Unit cost	Interna I overhe ad	Total unit cost	Popula tion affecte d	Total cost
Accompanying sole/plaice with appropriate landings declaration	Gathering/pre paring	0.5	9.6	4.8	1.44	6.24	1694	10571
	Total							10571
Grand total								10571

It has not been possible to estimate the additional costs for logbook entries (although these are expected to be relatively small as they only represent additional entries into existing logbooks and do not apply to north sea sole), or separate stowage.

No additional enforcement costs have been included as it is assumed that the activities will be included in business as usual.

To calculated the NPV of these regulations, the policy has been assessed over a 10 year period since the aim is to aid recovery of these stocks. It is assumed this will have been successful over this time period.

The NPV for the 2007 regulations is shown in Table 8 below:

Table 8

	NPV (over 10 years) £M
509/2007 – western channel sole	0.057
676/2007 – north sea plaice	0.091

The additional administrative burden effect on the department's baseline admin burden has been calculated by taking the total annual figures shown in Tables 6 and 7 and deflating these to 2005 prices (using a factor of 0.925):

6589*0.925=6095

10571*0.925=9778

Total = 15873

Benefits

It has not been possible to quantify or monetise the benefits arising from the measures introduced by these regulations due to the complexity in forecasting impacts on stocks and future fishing opportunities. However considerable non-monetised benefits exist, these are summarised below:

- Northern hake, Cod, Western Channel Sole and North Sea Sole and Plaice stocks are all under threat, and are at historically low levels, due to current inadequate protection from overfishing. If this were to continue, there would be a risk that stocks would eventually collapse. Introducing the proposed SI will significantly help the stock recovery process by limiting fishing effort, and move stocks in the right direction to achieve sustainable levels.
- By ensuring that stocks are adequately protected, the proposed regulation will benefit the fishing industry into the future by maintaining a stock level which can support a sustainable fishing effort. This will directly benefit those fishermen, and related industries, who rely on these fish species. In 2007, there were 1961 landing by 128 English and Welsh fishing vessels into the UK.
- Implementing the proposed SI will avoid the threat of infraction by the European Commission and fines for non-compliance with EU Regulations. In 2005 fines of €20m were levied against the French Authorities for non-compliance with the CFP. Further penalties of €57mwere levied against them on a rolling 6 monthly basis for not implementing the measures properly. Implementation will also provide positive reputational benefits.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

Small Firms Impact Test

Virtually all businesses in the fish catching industry are classified as small or medium size enterprises (SMEs) The vast majority are micro businesses (less than 10 employees). There is no scope to exempt small/micro businesses as the regulations would not have the desired effect. The costs to each organisation presented on the summary page assumes that the annual costs (£340,081) are spread across the 128 vessels that landed the relevant fish species in 2007.

The EU requirements came into force shortly after publication in the Official Journal. In order to continue to fish legally, Masters of those vessels concerned have been complying with the EU requirements and have incurred the costs identified since that time. The introduction of this Statutory Instrument does not add any further administrative burden or costs to those businesses but ensures that the appropriate enforcement mechanisms are in place.

Competition assessment

The competition assessment filter was applied to these Regulations, which apply equally to all businesses, and no competition concerns were identified.

Enforcement Costs

The enforcement of these EU Regulations is done as part of wider routine enforcement costs. Therefore there are no specific costs attached