

SOUTH PACIFIC COMMISSION

FISHERIES TECHNICAL MEETING

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FISHERMEN'S CO-OPERATIVES

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1. So far there has been little development of fishermen's co-operatives in the Pacific. As a result, there is no extensive practical experience as to difficulties and problems. Participants in the Technical Meeting will, no doubt, be able to give some idea of what has been learned in the few territories where fishermen's co-operatives have operated. Further guidance can be derived from a study of the growth of these organizations in the Australian State of New South Wales, provided allowances are made for some differences in background.
2. Following a request in 1944 by the then Prime Minister of Australia for the support of the New South Wales Government in the organization of the fishing industry on a co-operative basis for the purpose of rationalising the marketing and distribution of fish, a Committee was set up in January, 1945, to investigate the proposals and report upon them.
3. This Committee recommended that the fishermen be encouraged to form co-operative societies under the Co-operation Act for receiving, handling and distributing the fish, and that the financing of depots be guaranteed by the Government under the Government Guarantees Act. A central co-operative distributing organization in Sydney was also recommended.
4. In September, 1945 the provisions of legislation enacted in 1942 were invoked and control of the Sydney Fish Market was assumed by the Chief Secretary as a corporation sole. This was preceded by action in 1943 to establish a similar market in the city of Newcastle situated some 100 miles north of Sydney. Previously, the handling of fish in the markets was done by agents. Upon the Chief Secretary taking over, these agents were compensated from a Fish Marketing Fund built up from fees and other receipts at the market. It has been planned for years that a secondary organization of fishermen's co-operatives should eventually take over control of the Sydney Fish Market from the Chief Secretary, but, although an Association of Fishermen's Co-operatives exists the take-over still remains a possibility of the future.

5. Commencing from 1946, co-operative societies were formed at the major fishing centres along the coast of New South Wales. Previously, the fishermen were dependent on private wholesalers and agents for marketing their catch.

6. The formation of co-operatives was actively sponsored by the Government and trained officers were made available to guide the operations of societies on efficient and businesslike lines.

7. In the majority of cases the funds to build depots and instal facilities were found by the fishermen themselves, but in a number of instances where co-operatives had to borrow money, the Government guaranteed the repayment of these monies to the lending institutions. In each case where guarantees were given, the loans were fully extinguished by the application of a system which was designed at the outset to ensure regular repayment of such loans. The principle followed was to require share capital to be taken up by the members in an aggregate sum equivalent to the total finance needed for the venture. Deposits on such shares provided some immediate capital and the balance was borrowed on an overdraft secured by a charge over the society's assets and undertaking. Redemption of the loan was provided for by a levy on the proceeds of fish sold which was credited to the member's capital account.

8. The societies were originally started to provide packing sheds to which the fishermen could deliver their fish for onward despatch to the Sydney market. However, other activities were steadily added and any particular society may include the following in its functions:-

Construction and maintenance of wharves for members;

The provision of fuel pumps;

The provision of a slipway and repair facilities;

Ice-plant and ice-crusher;

A retail store stocking various items of equipment and supplies required by the fishermen;

A two-way radio service linking the society's headquarters and the members' vessels;

The operation of a fish retail store adjacent to the society's headquarters;

The installation of plant for the snap freezing, processing and packaging of fish and prawns.

9. A particular feature of the fish marketing in New South Wales is that the demand is for fresh, not frozen fish. As a result, all fish delivered to the co-operative other than that sold locally (either wholesale or retail) is

despatched to Sydney packed in ice, usually by road daily. The fish is auctioned early each morning at the Sydney markets and is in the hands of the retailers shortly afterwards. Thus for the co-operative the problem of freezer storage does not arise.

10. Progress of the New South Wales fishermen's co-operatives has been especially dependent on the finding of a good manager who is not only efficient commercially but also capable of maintaining harmonious relations between himself and the members and also similar good relations between the members themselves.

11. Close liaison has continued between the fishermen's co-operatives and the Government, particularly the Registrar of Co-operatives and his staff. But the members, directors and management of the co-operatives retain control of their own organizations. The role of government is mainly advisory, though auditing services may also be provided.

12. One of the problems of co-operatives has been competing with overseas sellers of fish, particularly that in deep frozen packs. So intense is this competition that an opinion has been expressed that, had it not been for the starting of the co-operatives and the reduced expenses resulting therefrom, the New South Wales fishermen would no longer be able to compete.

13. Although the co-operative societies have received credit facilities under government guarantee, special facilities have not been extended to individual fishermen who have had to provide their own finance or borrow through normal channels.

14. If fishermen are to be encouraged in the Pacific some financial assistance by way of loan to individuals may be necessary. The extent will depend on the form the fishing activities is to take. If the methods involve only canoes or non-motorized craft and hand lines or simple nets, loans to individuals should not be necessary. The advisability of small craft powered with outboard motors or of deep-sea vessels or expensive equipment will change the situation. So, encouragement of any developments of this nature needs to be considered in the light of available loan monies or substantial capital in the hands of fishermen. Under such circumstances the existence of thrift and credit co-operative societies in some form may be of value. Producer-marketing co-operatives can also be of assistance in facilitating a pooling of such resources, financial, human and material as may be available; such a form of organization can be valuable where deep-sea craft are necessary.

15. Loan monies may also be necessary in the Pacific to facilitate the provision of supply and marketing services along the lines indicated in paragraph 8. Again, the existence of some form of thrift and credit societies may help. Over and above this, loans by government may be necessary or the system of government guarantees as used in New South Wales may be followed. The procedure used there to ensure repayments of loans to co-operatives as described in paragraph 7 could be adopted with advantage.

16. The availability of capital will tend to limit an extensive range of services as indicated in paragraph 8. However, the quicker a wide range can be developed, the greater the chance of reduced costs for the fisherman. In addition, the greater the range the greater the likelihood of his loyalty to the co-operative. Thirdly, the greater the number of services the greater the spread of various overhead expenses. Thus, loan monies to ensure an immediate wide range of services, will have advantages.

17. A shortage of good managers will also tend to limit the rapid establishing of a wide range of services. Thus in the early stages it may be necessary for government departments, particularly those of fisheries and co-operatives, to exercise a certain degree of managerial control. Care should be taken to ensure that this does not become permanent and that the government officers look on themselves as teachers who will retire when their pupils are ready to completely stand on their own feet.

18. The fishermen's co-operatives in New South Wales did not have a problem of markets. Fish is sent each day to Sydney Markets and there disposed of by auction. Certainly at times there is a glut and prices fall, but the problem of large quantities of unsold fish does not arise. Some Pacific territories may not be in this same happy position and, before fishing co-operatives are encouraged, a careful assessment of the demand pattern may be needed. One aspect of the same problem is that of temporary lack of equilibrium between supply and demand. Fluctuation in prices to overcome this lack of equilibrium would be undesirable and the financial and technical problem of refrigeration may have to be faced.

19. The provision of the various services listed in paragraph 8 brings specialized problems in addition to the ever-present problem of finance. Marketing may necessitate the provision of transport facilities. Repair facilities may require the employment of competent craftsmen. The provision of a retail store for fishermen's supplies brings added problems of merchandising, accounting and possible credit accounts. The introduction of two-way radio involves the training of the fishermen in the operation of the equipment.

20. The advantages, both to fishermen and consumers, of the organization of fishermen's co-operatives is undeniable but, as this paper indicates, the implications and problems, financial and otherwise should be first carefully examined before active steps are taken.
