



Llywodraeth Cymru
Welsh Government

IMPACT ASSESSMENT

The Sea Fishing Operations (Monitoring Devices)(Wales) Order 2022: integrated impact assessment

Our impact assessment into the use of inshore vessel monitoring systems for commercial fishing vessels under 12m.

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Contents

Section 1. What action is the Welsh Government considering and why?

Section 8. Conclusion

Section 1. What action is the Welsh Government considering and why?

Issue

Since 2012 it has been a statutory requirement for all European fishing vessels over 12m in length to have a functioning Vessel Monitoring System (VMS) on board (Council Regulation (EC) No 1224/2009). In 2012 legislation was also introduced requiring fishing boats operating in the Welsh scallop fishery to use VMS (Scallop Dredging Operations (Tracking Devices) (Wales) Order 2012 (SI 2012/2729 (W.292)). VMS records the location, speed and heading of a vessel using a secure tamper resistant system. It sends this information at set intervals to an established national centre. Where there is no signal to transmit the reports, VMS units store reports and transmit when in range. These systems are widely used as a monitoring and management tool.

Over 12m vessels account for 3% of licensed Welsh fishing vessels. These are currently being monitored using VMS as per retained EU legislation requirements. The remaining 97% of Welsh commercial fishing vessels are not currently subject to vessel monitoring.

We recognise there is more we can do to address data gaps and to improve the ability of Welsh Ministers to manage fisheries and the wider marine environment sustainably. Without VMS for under 12m vessels there remains significant data

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gaps concerning where licensed vessels operate and fish in Wales and the Welsh zone and the amount of fishing effort they undertake.

Action

A statutory instrument is being brought forward which prohibits licensed under-12 metre fishing boats operating in Wales and the Welsh zone and Welsh fishing boats wherever they may be, from undertaking fishing operations unless they install and operate a vessel monitoring system. This system will transmit the geographical position, date, time, speed and course of the vessel to the Welsh Ministers at least once in every 10 minute period while undertaking fishing operations. The Welsh Ministers make the order in exercise of the powers conferred by section 5(1) of the Sea Fisheries Act 1968

Long term trends, challenges and opportunities

The order will enable a full and accurate picture of fishing vessel activity in Welsh waters to be obtained. This will improve fisheries and marine environment management. Data related to the spatial and temporal distribution of fishing effort is fundamental to the effective management of fisheries and the wider marine environment, including Marine Protected Areas (MPA) management and Marine Planning. Such data does not currently exist for the under 12m fishing fleet. Over time VMS will enable a more comprehensive picture of Welsh fishing activity and support decision making and judgements on sustainability.

VMS data has become increasingly important as a management tool since the UK left the European Union. This order will enable better oversight of both UK and foreign fishing vessel activity in the Welsh zone.

Bringing forward vessel monitoring policy for under 12m vessels will help us to ensure regulatory equivalence with EU regulations. This will help to facilitate trade with the EU and meet traceability requirements, whilst also increasing food security and consumer confidence.

It is understood that the other UK Fisheries Authorities and the EU intend on

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bringing forward similar VMS requirements for under 12m fishing vessels in due course. The VMS devices provided by Welsh Government as part of this implementation should enable fishers to comply with VMS requirements brought forward by other nations for their waters.

Prevention

Introducing vessel monitoring for under 12m fishing boats will provide data to assist Welsh Ministers in managing fisheries and the wider marine environment more sustainably.

Integration

This policy aligns with the Digital Strategy for Wales by providing digital services and data.

Collaboration

A 12-week consultation ran from 8 February 2019 to 3 May 2019 on the proposal to introduce Vessel Monitoring Systems (VMS) for fishing boats under 12 metres in length operating in Welsh waters and all Welsh fishing boats under 12 metres wherever they are operating.

The consultation was drawn to the attention of key stakeholders, including fishers, industry experts and members of the public. Prior to the consultation, the Welsh Government held a series of workshops on the proposals throughout Wales. All owners of licensed fishing vessels registered in Wales were invited to the workshops where the proposals were presented and industry was given the opportunity to feedback.

Consultation responses suggests that the majority of stakeholders in the UK are in favour of the introduction of this policy however concerns were raised regarding privacy and data protection, practicalities of installing VMS on smaller vessels, costs and the potential for lost fishing time as a result of technical

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issues. These have been taken into consideration.

Notification our intention to bring forward policy concerning vessel monitoring was provided to the European Union on 20/10/2021 in accordance with Article 496(3) of the Trade and Cooperation Agreement (TCA) allowing 30 days for them to provide comment or seek clarification.

Since the formal consultation in 2019, Welsh Government officials have been in regular contact with the Welsh under 12 m fishing fleet via letter and email to keep them abreast of developments. Updates have been provided to key stakeholder groups and Officials have met regularly with Defra and the UK and Crown Dependency Fisheries Authorities.

Impact

The introduction of VMS for under 12m vessels will enable the Welsh Ministers and other relevant parties to benefit from an increased evidence base for decision making relating to fisheries management, enforcement, conservation, planning, surveillance and monitoring. Increased evidence of levels of effort within individual fisheries or geographical locations will enable more informed decision making to ensure sustainability, traceability and maximise economic opportunity.

VMS will allow for more effective monitoring and enforcement of Welsh fisheries and enable more risk based and targeted use of enforcement resources. Utilising VMS, at sea patrols can better target locations and/or particular vessels, therefore for the same cost (charter, fuel, resource) and number of patrols, there should be an increase in the number of sightings and inspections. Using VMS data alongside other intelligence will enable shore based inspections to be targeted and undertaken more efficiently.

VMS data may be used to initiate or support investigations for compliance enforcement. VMS data can be cross checked with other fisheries compliance data including landing and catch data enabling mismatches to be identified and investigated.

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VMS monitoring will provide industry with evidence of their fishing activity track record which could assist with funding applications, business plans, and responding to marine planning and marine licence consultations. It could also be used to provide positional updates for Search and Rescue activity enhancing safety at sea for fishers.

Costs and savings

Welsh Government has offered a VMS device for free to Welsh registered under 12m fishing boats and has provided a 3 year warranty with each device. The offer of a free device applies up until the date the legislation comes into force. This costs has been funded through the European Transitions Fund and European Maritime and Fisheries Fund (EMFF). Any fisher who chooses not to accept the free device from Welsh Government or any vessels that join the Welsh fleet after the legislation comes into force will fund the VMS device themselves. If a replacement device is required that falls outside the scope of the warranty this will be funded by the fisher.

Feedback from the industry relating to ongoing costs has been taken on board and has resulted in Welsh Government committing to fund the data charges for the VMS devices we've supplied, for the first year from the date the legislation comes into force. After the first year, or if the device is not supplied by Welsh Government, the industry will pay these costs.

Table 1: 10 year costs

Cost element	Sunk costs	Total Yr 5 horizon	Total Yr 10 horizon
Cost to government	£694,000	£265,000	£304,000
Cost to industry	£0	£155,000	£483,000
Total cost/investment	£694,000	£420,000	£787,000

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Cost element	Sunk costs	Total Yr 5 horizon	Total Yr 10 horizon
Net Present Value	£694,000	£386,000	£672,000

The costs to government include Initiation and implementation of the project, device costs, project management, data charges for each device for the first year of service, support and hosting of the data, a helpline for fishers to report faults and integration of the service to the UK VMS hub, warranty for 3 years for each device.

The costs to industry include ongoing annual data charge (after year 1), device repair or replacement after the 3 year warranty expires, support, hosting and helpline costs, and lost income from lost days at sea. It should be noted the costs are estimated after year five. There is currently no information available about the longevity of the device used on small vessels and therefore shelf life is uncertain. The calculation has assumed replacement of 10% of devices year on year from year 4 onwards (once the warranty expires).

The order requires that a vessel must not undertake any further fishing activity if their VMS device is not transmitting the required information correctly. This could result in an indirect cost to a fisher if they are unable to fish while a faulty/damaged device is repaired or replaced. Fishers may experience lost income from lost days at sea. The VMS devices supplied by Welsh Government are anticipated to have a low failure rate and where faults are experienced it is anticipated that a high proportion will be diagnosed and managed remotely, reducing downtime. Devices with physical damage or where it is not possible for them to be repaired remotely, are expected to be repaired/replaced within 48 hours. Potential profit losses and fixed costs data has been supplied by Seafish for a range of vessel length categories, based on Seafish economic analysis for 2018-2019 (source: Seafish fleet economic estimates 27/09/2021). Less active vessels (vessels that earn less than £10k per year) were removed from the dataset to reduce activity bias on the estimates. As there is currently no data available on device reliability a 3% failure rate has been assumed for years 1-3 and 10% has been assumed for year 4 onwards.

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Efficiencies are anticipated from VMS data enabling more targeted compliance and enforcement sea patrols and inspections. A greater number of sightings/inspections are expected to be undertaken for the same resource input.

Mechanism

Legislation will be introduced through The Sea Fishing Operations (Monitoring Devices) (Wales) Order 2022.

A Regulatory Impact Assessment has been completed.

Section 8. Conclusion

8.1 How have people most likely to be affected by the proposal been involved in developing it?

Industry engagement events were held throughout Wales in 2018 followed by a formal consultation running from February to May 2019. View the [results of the consultation](#). The consultation results were shared with Fishing News and placed on Welsh Government, Natural Resources Wales and Welsh Fisherman's Association websites. The information gathered from these events and the consultation has formed the basis for drafting the vessel monitoring policy. Welsh Government officials have been in regular contact with the Welsh under 12 m fishing fleet via letter and email to keep them abreast of developments and updates have been provided to key stakeholder groups and the UK and Crown Dependency Fisheries Authorities.

8.2 What are the most significant impacts, positive and negative?

The most significant positive impacts of this policy are:

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- This policy compliments the recent introduction of catch recording and when reviewed together will show what is being caught where and how much fishing effort is undertaken. This will provide a fuller picture of commercial fishing activity in Welsh waters. Making fisheries management decisions using data obtained from VMS will safeguard the long-term environmental and economic sustainability of Welsh fisheries and have a positive impact on sustainable management of natural resources.
- Managing stocks at sustainable levels will have a positive impact for fishers by ensuring the long term viability and profitability of the fishing industry.
- VMS data will be used to inform decisions on the management of the wider marine environment including Marine Protected Areas (MPA) and Marine Planning. Evidence of the areas that are most important for fishing is currently lacking and with the sea's becoming more crowded this evidence is crucial so that the needs of the fishing industry can be balanced with those of other sectors.
- VMS data has become increasingly important as a management tool since the UK left the European Union. This policy will provide a positive impact for control and enforcement of Welsh Fisheries, generating efficiencies in tasking of patrols and inspections and providing better oversight of both UK and foreign fishing vessel activity in the Welsh zone.
- The policy aligns with the section 6 duty of the Environment Act which requires Welsh Ministers to seek to maintain and enhance biodiversity and in so doing promote the resilience of ecosystems.
- VMS could provide evidence of catch origin which is becoming increasingly important for the consumer and for exporting fish products outside of the UK.

Through consultation and engagement, concerns were raised about the adverse impact of costs to the fishing industry associated with this policy. These costs include:

- Profit losses from lost time at sea if a VMS device is not transmitting the required information correctly.
- Ongoing annual data charge places a direct cost on the fishing industry.

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8.3 In light of the impacts identified, how will the proposal

- maximise contribution to the well-being objectives and the seven well-being goals; and/or,
- avoid, reduce or mitigate any negative impacts?

The VMS policy will contribute to the environmental wellbeing objective by improving the evidence base for decision making relating to fisheries management, enforcement, conservation, planning, surveillance and monitoring, enabling the marine environment to be managed more sustainably for future generations. Introducing this policy will better align the under 12m fishing sector with the larger over 12m vessels which already have vessel monitoring requirements.

Sustainable management will bring benefits not only for environmental wellbeing but also for social, cultural and economic wellbeing as sustaining profitable fishing is important for the local economy and cultural heritage of coastal communities.

The Welsh language has been incorporated into all aspects of the policy development. Correspondence has been handled bilingually and Welsh speakers were available at stakeholder events. The VMS device supplier has committed to providing a Welsh speaking facility for customer support when requesting help and reporting faults.

To mitigate the adverse impact of increased costs on the under 12m fishing industry, the following action has been taken:

- To minimise lost profits from lost days at sea the VMS devices supplied by Welsh Government come with a 3 year warranty. The devices have an expected failure rate of 3% for years 1-3 and an estimated failure rate of 10% after year 4. Where faults are experienced it is anticipated that a high proportion will be diagnosed and managed remotely, reducing downtime. Devices with physical damage or where it is not possible for them to be repaired remotely, are expected to be repaired/replaced within 48 hours.
- To mitigate the ongoing cost of the data transmission charges the device

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procurement specification included the following requirement “*the under-12 metre vessel monitoring system will use low cost technologies for data transmissions to reduce costs for end users*”. The result of this is that cheaper mobile phone technology is being used to transmit the data rather than satellite. In addition, Welsh Government has committed to funding the annual data transmission charges for the first year after the legislation comes into force to help the industry adjust.

8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The project will seek to work with all stakeholders and hold regular meetings with the supplier and the industry. Lessons learned will be monitored throughout the project and a review session activated once the project has been delivered. The ongoing costs to fishers will be monitored and reviewed in conjunction with other UK administrations.

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