

**PRAWN WORKING GROUP MEETING**  
**8 DECEMBER 2003, 0900**  
**Port Kennedy Hall, THURSDAY ISLAND**

***PRELIMINARY AGENDA***

1. Summary of public and industry and Islander comments on discussion paper
2. 2004 Management Arrangements
3. 2004 Work Plan
4. VMS update
  - 4.1. Advice regarding introduction by regulation or licence condition
  - 4.2. Advice on PNG requirements for VMS in Australian area of jurisdiction
5. Observer program: postponement until mid 2004
6. Prohibition on trawling in the territorial seas surrounding Deliverance Island, Kerr Islet and Turu Cay
7. Finfish take and possession allowance
8. Budget 04/05 and Levy 03/04

**AGENDA ITEM 1. Summary of public and industry and Islander comments on discussion paper**

## **AGENDA ITEM 2. 2004 Management Arrangements**

### ***PURPOSE***

To progress management arrangements in the Torres Strait Prawn Fishery (TSPF) for 2004.

### ***BACKGROUND***

This paper has been prepared before the deadline for public comments on the discussion paper, summary of the comments received, and discussion by the working group. For this reason the paper must be general in nature and serve only to raise the issues that may fall out of the discussion paper process.

This paper has been written with a background of the prawn stock assessment being updated by QDPI assessment scientists on 22 October, and the review of that and earlier assessments by Dr David Die.

This paper has also been written with the understanding that PNG was specifically excluded from the management measures that were put in place for the prawn fishery in 1993, namely the effort allocation that was based a number of days fished during four previous seasons. Likewise, when the decision was made to allocate days to prawn fishers that allocation excluded the three Islander licences for which the agreed arrangement was that they would be allowed to fish for the full season and did not therefore require an allocation of days.

### ***Stock assessment***

The stock assessment was carried out on tiger prawns. Regardless of the assessment model used the best fits of the models to the data suggest that  $E_{MSY}$  is lower than the allocated nights and much lower than the potential effort in the fishery. Best fit model estimates of  $E_{MSY}$  ranged from about 7,200 to 11,300 days compared to 13,486 or 16,000+ of potential effort.

On this basis Management finds it difficult to escape the conclusion that the effort that could be applied to the fishery should be reduced. Industry views are mixed with some Industry members saying actual effort is too high now, while others say the fishery could still absorb more fishing effort.

No stock assessment of the endeavour prawn component of the fishery equivalent to the assessment of tiger prawns was undertaken. Endeavour catch rates have not declined in response to fishing and this suggests that there may be room to increase production of this species.

Tiger prawns are reported taken in nearly every trawl shot in the Torres Strait. Despite this it is recognised that the fishery can target prawns of either species (or red spot king prawns) and change the species composition of the catch. This offers the possibility of developing a management strategy that could remove effort from tigers and apply more to endeavours.

While the potential to develop a strategy to reduce effort on the tiger prawns exists, it must be acknowledged that such a strategy will take time to develop and in particular to collect data on the spatial scale necessary to fully assess the possibilities. The

fleet's dynamic response to any proposed changes will also need to be considered carefully. Management has given an undertaking to do this during 2004.

*2004 management arrangements*

At the 15<sup>th</sup> meeting of the PZJA in June 2003 the decision was made to allocate days in the fishery to entitlement holders in three categories. The decision on how this should be done was not made at the time.

Without getting into the detail of how many days may be allocated, which is very important but can only be determined following the finalisation of the discussion paper process and the TSFMAC and PZJA meetings, the working group should consider the allocation principle. Previously, the working group has discussed that any reduction in effort should be by an equal proportion across the board. Similarly the allocation of days in any or all of the three categories should be based on a proportional allocation (relative to days held by the entitlement holder).

**Recommendation**  
**That the PWG recommend to the TSFMAC that base days be allocated on a pro-rata basis according to the number of days held by the entitlement holder immediately before the allocation is made.**

*Minimum days to operate*

A problem will potentially exist for licence holders who's allocation falls below the 50 days that are required to operate in the fishery. The following table indicates the number of licences that would be affected given a range of reduction from 0 to 45 percent. Note that two licences are currently allocated fewer than the 50 days needed to operate.

percent reduction	0	5	10	15	20	25	30	35	40	45
licences falling below 50 days	2	4	4	7	11	11	13	13	14	14
Licences falling below 25 days	0	0	0	0	1	1	1	1	2	2

If the number of days needed to operate in the fishery was reduced to 25, no more vessels would be below a 25 day limit than are currently below the 50 day limit even at the maximum percentage reduction.

Alternatively the policy requiring operators to hold a particular number of days to operate could be abolished. The Working Group should consider the utility of this policy.

**Recommendation**

**Consider the utility of the policy for a minimum number of days to operate in the fishery and either seek to have the policy abolished or amended as the working group sees fit, for example 25 days.**

*Trading days (base days)*

The decision to trade days in groups of 10 was made in 1993. If the recommendation to adopt 25 (or similar number) as a lower limit on the number of days required to operate it may be important to discuss how days are traded. Should there be a minimum number, and if so why?

**Recommendation**

**That the working group consider abolishing the policy for a minimum number of days to operate, or offering an alternative number of days and the justification for a different number.**

*Trading preferential and supplementary days*

Preferential and supplementary days would be expected to change from one season to the next dependent on PNG and Islander use of their entitlements. Therefore, they would need to be allocated to fishers on an annual basis.

While therefore they can not be traded permanently, trading within the season would be possible. To maximise operators' flexibility and their ability to adjust their holding to suit their fishing plan, the management agencies recommend that operators be able to trade their preferential and supplementary days. Trading of these days may also address some of the concerns about a mid-season allocation.

**Recommendation**

**That the working group consider rules and arrangements for trading preferential and supplemental days with a view to making a recommendation how this should occur.**

*Net length*

The maximum net length allowed in the fishery was reduced from 88 to 80 metres commencing at the start of the 2002 season. This reduction was based on an offer by Industry to assist in the control of effective effort in the fishery. While the intentions of this reduction were good, the outcome in terms of effective effort has been uncertain.

Studies of the effect of the net length reduction were not made through experimentation and cannot be estimated from the general linear model (GLM)

because the reduction took place at one time between seasons and is confounded by seasonal and other effects.

Management believes that it would be best to eliminate the uncertainty that net length has caused to the assessment process, by allowing operators to tow the full 88 metres of net again. Management also believes that the increase will result in a modest improvement in operational efficiency, which is a positive.

There has been concern about vessels using a try net in addition to the 80 metres of main net. Consequently, to avoid this problem the wording of the FMN notice 59 should be amended. Industry will consult with Compliance and advise on the wording to tighten up the legislation.

#### **Recommendation**

**That net length be increased from 80 to 88 metres, and appropriate wording for the use of a try net be introduced to the management notice.**

#### ***Boat replacement policy***

The boat replacement policy in the fishery was intended to prevent days being used more effectively by larger vessels and contributing to effort creep without some compensatory reduction in days. The policy may have also been seen by Industry members as a way of generally reducing effort in the fishery towards a lower target.

Over the 2 seasons the boat replacement policy has operated it has reduced the number of allocated days in the fishery by 84 (0.6% reduction). While not large, this still represents a useful reduction in potential effort. However, the policy may have acted as an impediment to trade of days and prevented some rationalisation in the industry during this period.

Depending on the decision by the PZJA on effort for 2004 the working group should consider whether or not the policy should be waived for the year to allow operators to trade days without the substantial penalty the policy can place on the transaction.

#### **Recommendation**

**That the working group recommend, pending a decision on effort reduction, that the boat replacement policy be waived for the 2004 season and that it be reviewed again at the end of the year.**

### **AGENDA ITEM 3: 2004 Work Plan**

#### ***PROPOSAL***

That the Prawn Working Group discuss the proposed work plan for 2004 arising from the review of the Torres Strait prawn stock assessment.

#### ***BACKGROUND***

- Recommendations arising from Dr David Die's review of the Torres Strait Prawn Fishery stock assessment have been identified with priorities.
  - High priority is given to those recommendations that, when followed, may significantly change the scientific advice provided and that can be followed up in a short space of time (weeks).
  - Medium priority is given to those recommendations that can lead to significant change in the advice but that require months of work.
  - Low priority is given to those that are unlikely to change the advice.
- Implementation of these recommendations would have funding implications for the budget and levy as these have not been budgeted, noting however that some of these tasks have already been flagged under Clive Turnbull's CRC Torres Strait task.
- The high and medium priority recommendations are listed in Attachment 3.1
- In addition to these research tasks the work program also includes a number of specific management tasks which are listed below:
  - Complete operational plan and introduce an observer program
  - Implement the VMS system
  - Develop alternative management strategies (also listed as a research task but must be done as a group to provide input into the Management Strategy Evaluation)
  - Evaluate BRDs by end of 2004
  - Complete strategic assessment report and bycatch action plan

#### ***DISCUSSION***

- The majority of high and medium priority recommended tasks can be accommodated and funded through the approved CRC Torres Strait project, lead by Clive Turnbull. However, the tasks relating to updating the gear sheet specifications and effort creep model, and data validation will require industry cooperation. While this was discussed at the October PWG meeting and recommendations made, the mechanism for engaging industry cooperation needs to be established.
- The delivery of results from this project will not be until the latter part of 2004. If the PWG considers that specific information in the earlier part of the year is desirable, then additional funds will be required to fund the necessary staff requirements. The Task Leader, Clive Turnbull, can advise of additional fund requirements at the meeting.

- Other tasks that have not been budgeted or covered by the CRC Torres Strait project relate to PNG data. There are two aspects:
  - Extracting PNG administered data would require sending a person with database expertise to NFA, Port Moresby;
  - Determining what extra surplus production may be available from areas of PNG jurisdiction would require the area to be fished more intensively or to intensively survey PNG waters.
- The workload for 2004 has grown, with the need for to develop alternative management strategies in particular. While this will require substantial research support, it will be equally demanding of Management and Industry and Islander resources to develop well balanced strategies for the researchers to test.

### ***RECOMMENDATIONS***

1. That the PWG identify, for tasks it considers necessary, sources of funding if not already funded;
2. That the PWG discuss the timing of the delivery of results from Clive Turnbull's CRC Torres Strait task, and if earlier delivery of results is desirable, identify sources of funding to do so; and
3. That the PWG seek industry support and cooperation for the tasks relating to updating gear sheets and obtaining unloadings information.

• ***High Priority Recommendations***

- That the current database on chain size is used to calculate the expected reduction in fishing power resulting from chain size reductions that occurred in 2001.
- That a 4% decrease in fishing power as a result of the decrease in net size that occurred in 2002 is adopted as the best available estimate for this effect and used in the stock assessment [noting that this effect may not be present after 2003].
- That the effort creep schedule is re-estimated for the last two years and that the delay difference models be run with the new estimates of relative abundance for 2001 and 2002.
- Use a unit of fishing effort in the past (e.g. 1980 effort unit) as the reference for effort creep calculation and reporting. Include a table with the annual nominal effort and the effort corrected for effort creep (in appropriate reference-year units) in the all the reports of the assessment.
- Further testing of the production model implementation in MATLAB and EXCEL should be made and comparisons to other implementations of the production model implementations such as ASPIC, BIODYN (Punt and Hilborn 1996) or FISHLAB (Kell and Smith 2000) should be conducted to confirm that the production model results are repeatable.
- That only production models with all data be considered to estimate reference points. Also, that the best fits to the data, those of the Fox model, be considered as offering optimistic views of the productivity of the stock.
- Use delay difference model as base case for assessments. Use Bmsy and Emsy as limit reference points. The prawn biomass should always be maintained above Bmsy and the standardised effort below Emsy.
- Use a target reference point of either 75% or 80% Emsy.
- Working group should develop alternative management strategies to reach target reference points. These strategies should be evaluated by the MSE method.

• ***Medium Priority Recommendations***

- That a standardised catch per unit of effort be estimated for endeavour prawns to estimate relative abundance for this species. Use GLM method as for tiger prawns.
- That unloading data are obtained, even if it is only samples for some vessels, and that a GLM model is run to determine the significance of correction factors for estimates of landings obtained from logbook data. Factors to be considered in the GLM model could be month, year, area (may not be possible if vessels fish in more than one area during a single unloading period), and possibly type package used to pack prawns. The

dependent variable should be the logbook catch for a vessel and the independent the unloading catch for the same vessel in the same period of time. If enough size-grade data is present in logbooks size grade could be also used as a factor. If yearly factors are significant this may put into question the catch rate estimates from logbooks.

- That a new GLM is carried out to estimate standardised catch per unit of effort by creating two new area strata as follows:
- Split northern strata in two by choosing grids that are inside the Warrior reef closure and outside of it.
- Split southern strata in two by choosing grids that are in the areas where the highest king prawn catches exist (closer to the reef).
- To examine if the resulting standardised catch per unit of effort is significantly different to the one obtained in the current assessment.
- That the results from the GLM used to estimate effort creep factors are used to estimate an alternative standardised cpue series. This series should be compared to the one used in the current assessment (corrected for effort creep) and used as a sensitivity analysis.
- That a new GLM is run by using only data from vessels that were providing data in the early part of the season. This series should be compared to the one used in the current assessment and used as a sensitivity analysis.
- That the vessel characteristics database is updated every year.
- That old data on landings and catch rates are sought from industry for the period prior to 1980 and these data are used to develop priors for the stock biomass ratio in 1980.
- Management strategies to be tested need to be develop by working group
- MSE should then be repeated for those strategies
- The status quo strategy should be estimated with the 2001 and 2002 data, not the 1999-2002.

## **AGENDA ITEM 4 – VMS**

### ***PROPOSAL***

For the Prawn Working Group to note the legal advice on legislating VMS in the Torres prawn fishery and the issues associated with PNG cross endorsed boats reporting to Australia via VMS whilst operating in the Australian area of jurisdiction.

### ***BACKGROUND***

#### *Legislation*

- At a VMS meeting held in Brisbane in February this year Industry participants raised concerns about how VMS will be legislated in the Torres Prawn Fishery.
  - Management undertook to seek legal advice on what the most appropriate mechanism was for imposing the VMS requirement.
- Legal advice received at that time indicated that VMS requirements should be imposed through licence condition
  - Industry were informed of this advice at the March 2003 Prawn Working Group meeting.
  - Industry again voiced their objection to the use of licence condition on the basis that Government could alter the conditions when and how they wished.
- Following further objection to the use of licence condition by Industry at the October 2003 Prawn Working Group meeting, Management sought further legal advice on this matter.
- The AFMA Legal Section has now provided advice that VMS requirements can be imposed through the use of regulation.
  - penalties for breach of regulation under the *Torres Strait Fisheries Act 1984* are \$2,000 in the case of a natural person, and \$10,000 in the case of a body corporate.

#### *Requirement for VMS on PNG Boats whilst in Australian area of jurisdiction*

- At the October Prawn Working Group meeting Industry members raised the issue of cross endorsed boats being required to report to Australia whilst operating in the Australian area of jurisdiction.
  - Management agreed to explore this issue and report back to the Working Group
- Some preliminary internal discussion has taken place on this matter which has resulted in a number of issues being raised. These are:
  1. Australia will be required to download an Australian DNID into each of the PNG boat's automatic location communicators (ALCs)
    - This will require permission to be obtained in writing from each boat owner.

- Paper work will be required to be completed by the owner.
- 2. The requirement for VMS will only exist whilst the boat is operating within the Australian jurisdiction
  - may require Australia to either re-program individual ALCs units to stop them reporting, or remove the DNID all together.
- 3. PNG boats reporting to Australia via VMS will result in costs being incurred by the PZJA. These costs will result from reporting, reprogramming and the additional administration required by QFS.
  - costs may also be incurred by AFMA should it be required to facilitate some of this work.
- 4. Other significant issue that will require consideration is what action will be taken should a PNG boat stop reporting.
- As can be seen there is a significant amount of work that will be required before any requirement to report to Australia can be implemented.
  - before any requirement for VMS could be implemented, many of these issues will have to be discussed at the next PNG/Australia bilateral meeting.
  - the corollary is that PNG could insist that Australian operators have their VMS monitored whilst transiting PNG waters to Australian territorial seas (e.g around Bramble Cay).

### ***RECOMMENDATION***

That the Prawn Working Group note the legal advice on legislating VMS in the Torres prawn fishery and the issues associated with PNG cross endorsed boats reporting to Australia via VMS whilst operating in the Australian area of jurisdiction.

## **AGENDA ITEM 5. Observer program: postponement until mid 2004**

### ***PURPOSE***

To bring to the working group's attention that the introduction of the observer program must be delayed until at least mid 2004.

### ***BACKGROUND***

The prawn working group has discussed the need for an observer program for a considerable period of time. In August 2003 a workshop was held in Cleveland where the objectives and operational alternatives were discussed.

At the October 2003 meeting, the working group discussed the operational alternatives which included:

- crew based monitors (CMOs)
- scientific monitors
- a mixed program of crew and scientific monitors; and,
- a final alternative of using suitably trained Islanders

The discussion ended with Management giving an undertaking to forward Industry a one page summary of the alternatives for licence holders to consider and comment on. Due to certain circumstances this was not delivered. The one page summary is attached herewith for members' information and additional copies will be delivered to all licence holders following the PZJA meeting.

Management does not have the resources to summarise and account for the submissions from licence holders and, based on those, develop an operational plan and introduce the observer program early in the 2004 season as hoped. Management will undertake to try and do this by July or August 2004, however without additional resources even this target may be difficult to meet.

Delaying introduction of the observer program has a down side. It is almost certain that the strategic assessment of the fishery will identify the absence of a program as a deficiency. Perhaps more importantly, in a year where the working group will devote time and resources to developing one or more alternative management strategies for the fishery, higher spatial resolution in the information on target species catch and bycatch would have been highly beneficial.

### ***RECOMMENDATIONS***

1. That the working group note the delay in implementing the observer program; and
2. Note the attached one page document describing the operational alternatives for the program.

The following information is meant to assist entitlement holders to consider the relative benefits of an observer program staffed by crew, scientists, Islanders or a mixture of any or all of these. Costs are indicative only. Tick marks and crosses are used to qualitative evaluate the merits/outcomes of having the program staffed one way or the other.

	CREW MEMBER	SCIENTIFIC	ISLANDER (up to 5)
<i>Advantages</i>			
Coverage	✓	✗	✓
Cost Effective	✓	✗	✓
Robust data	✗	✓	✗
Risk of Program falling over in the Med to long	MED	LOW	HIGH
Additional data collection	✗	✓	✗
TED & BRD performance assessed concurrently	✗	✓	✗
Onboard sorting of small bycatch	✓	✓	✓
Need for genetic processing to ID difficult species	✓	✗	✓
Other	*obtain new skills *have understanding & appreciation of observer programme		*obtain new skills *have understanding & appreciation of observer programme *creat local employment *increase relationship of locals & prawn trawlers (Industry/ Islander Capacity Building)
<i>Disadvantages</i>			
Turn over of staff	HIGH	LOW	MEDIUM
Identification of smaller sharks & rays	?	✓	✗
<i>Other Comparisons</i>			
<i>Period at Sea</i>	On board all the time	2 collection periods coinciding with peak effort times	potentially all the time
<i>Length of Period</i>	N/ A	3-4 Weeks	30 days (total of 180 days)
<i>No. Of Observers</i>	20 (10 vessells x 2 crew/ boat	3	5
<i>Sampling effort</i>	?	3 obs x 30 days x 4 trawl/ night x 4 nets x 2 periods = <b>2280</b>	5 obs x 30 days x 2 trips
<i>Estimated training cost</i>	Training Venue \$4k Airfares \$10K Kits \$2k Training \$5k Coordinator \$40K <b>TOTAL \$ - 60K</b>	\$15,000	Training Venue \$4k Airfares \$10K Kits \$2k Training \$5k Coordinator \$40K <b>TOTAL \$ - 60K</b>
<i>Estimated lab processing of bycatch samples</i>	\$30 -\$40K	Partially sorted at sea	\$30 -\$40K
<i>Genetic testing for Hard to identify species</i>	\$20k		\$20K
<i>Grants/Additional funding</i>	?	✗	*CDEP program? *TSRA? *CRC?
<i>Estimated Grand Total</i>	<b>\$120 -140K</b>	3 obs x 30 days x 2 trips = 180 days 180 days x \$500? = <b>\$90,000/year</b>	

Please discuss and provide feedback through the TSPEHA or one of the Prawn Working Group members. Management is proposing that no observer program will be possible until at least mid season.

## AGENDA ITEM 6: Prohibition on trawling in the territorial seas surrounding Deliverance Island, Kerr Islet and Turu Cay

### **Proposal**

That the PWG revisit the proposal to prohibit trawling in the Australian Territorial Seas surrounding Deliverance Island, Kerr Islet and Turu Cay.

### **Background**

- The very large area of the Torres Strait Protected Zone west of the 'Top Hat' is largely under PNG fisheries jurisdiction. Within this area Australia has jurisdiction over territorial seas surrounding Deliverance Island, Kerr Islet and Turu Cay. Deliverance Island is the first indigenous protected area in the Torres Strait and is culturally significant to the islands of Boigu, Mabuiag and Badu.
- There are legitimate reasons to propose the territorial sea closures including:
  - (i) The area has extensive seagrass meadows that are critical habitats for Dugong, Turtles, pearl shell and tropical rock lobster.
  - (ii) Australian and PNG traditional inhabitants through the Traditional Inhabitant and Treaty Liaison meetings, both forums established under the Torres Strait Treaty provisions, have requested the closure including the territorial seas to commercial trawling in order to protect the very important fishery habitat including the sea creatures.
  - (iii) Territorial seas are not trawled now and have probably never been trawled and therefore do not represent any economic loss to the prawn trawl fishery.
  - (iv) It is not consistent with the objectives of an indigenous protected area to have commercial trawling immediately adjacent to such an area.
  - (v) The islands are important nesting grounds for sea birds and turtles.
- The PWG at its last meeting in Cairns on 22-23 October this year considered the proposal and Management and Islander representatives have indicated that they support the proposal. Industry representatives advised that they did not support the proposal and were asked to give it further consideration between now and MAC.
- At the same meeting PWG members noted that Australia has encouraged PNG to prohibit trawling in the PNG area of jurisdiction and that PNG NFA is still undecided on this proposal and has requested bathymetric data to assess the trawling potential of the area.

### **Recommendation**

That the PWG recommend to MAC that prawn trawling in the territorial seas surrounding Deliverance Island, Kerr Islet and Turu Cay be prohibited.

## **AGENDA ITEM 7 - REDUCTION IN TAKE AND CARRY ALLOWANCES**

### ***PURPOSE***

To inform the Prawn Working Group of a recommendation being made by the Finfish Working Group to the TSFMAC on the reduction of the take and possession limit of Spanish mackerel for holders of Section 19 licences and reef fish for holders of Torres Strait prawn licences.

### ***BACKGROUND***

- Fisheries Management Notice (FMN) No. 54 allows, among other things, for holders of any Torres Strait Fishing boat licence, ie. licences issued under Section 19(2) and 19(3) of the *Torres Strait Fisheries Act 1984*, to carry up to 50 kilograms of Spanish mackerel regardless of whether the holder has a Spanish mackerel endorsement or not.
- Furthermore, FMN 55 allows operators of Torres Strait prawn boats to carry up to 50 kilograms of finfish of which 10 kilograms can be coral trout, or carry a maximum of 20 whole fish. This arrangement was implemented primarily to provide opportunity for licensed operators to legally take limited quantities of finfish for their own and the crew's consumption.
- At the final meeting of the Latent Effort Sub-committee, discussion took place on whether operators who currently have access to the finfish and/or Spanish mackerel fisheries, and did not meet the quantifying criteria set by the PZJA, should be given an allowance to take and possess a limited quantity of finfish for personal use.
  - there was agreement within the Subcommittee that some form of allowance would be appropriate.
  - the Subcommittee made no specific recommendation on this issue but there was general agreement that a 50kg take and possession allowance should be made available to those operators who did not meet the catch criterion for the finfish or Spanish mackerel fisheries.
- Although the Latent Effort Subcommittee did not make a recommendation to the PZJA on take and possession limits for licences affected by the latent effort process, the PZJA did endorse a combined allowance of 20 kgs of reef fish and mackerel (collectively classed as finfish) being permitted to be taken by these operators.
- Management is concerned that the limits currently reflected in FMNs 54 and 55 may be excessive.
  - While these allowances are intended for personal use, circumvention for commercial intent is possible.
  - Management is of the view that 50kgs of reef fish or Spanish mackerel in the form of fillets represents a commercially viable quantity.

- Another concern of Management is the difficulties associated with Fisheries Officers visually identifying fish species when the fish have been filleted and the skin removed.
  - This has been of particular concern in relation to the 10 kg limit on coral trout.
  - Where a species cannot be determined, a sample of the fillet can be identified through laboratory techniques, however this can be a lengthy process and cost prohibitive.
- Management raised this issue at the Finfish Working Group meeting and suggested that an allowance of 20 kg of reef fish in any form and 20 kg of Spanish mackerel in any form for all holders of Section 19(2) and 19(3) licences. This allowance being a reasonable quantity for personal use.
- Following discussion, the Finfish Working Group made the following recommendation:
 

**“The WG considered that 20kg of finfish would be appropriate as a take and carry allowance and consequently the FMN 54 and 55 should be amended to reflect this.”**
- The Finfish working group recommendation was subsequently raised at the most recent meeting of the Tropical Rock Lobster working group and the following recommendation was made:
 

**“The TRL working group supported the recommendation from the Finfish Working Group that 20kg of finfish would be appropriate as a take and carry allowance and consequently that FMN 54 and 55 should be amended to reflect this.”**
- It is proposed that the new take and carry limit, ie. a combined allowance of 20 kgs of reef fish and mackerel, be implemented by condition of licence and the existing clauses in FMN 54 and 55 specifying the current take and carry allowance revoked.

### ***RECOMMENDATION***

That the Prawn Working Group note the recommendation being made by the Finfish Working Group to the TSFMAC on the reduction of the take and possession limit for Spanish mackerel for holders of Section 19 licences and reef fish for holders of Torres Strait prawn licences

## **AGENDA ITEM 8: 2004/05 Budget and 2003/04 Levy**

### ***PROPOSAL***

That the prawn working group discuss the proposed 2004/05 budget and consider essential programs, staff levels etc. That the working group also note the 2003/04 levy and provide feedback where possible.

### ***BACKGROUND***

#### ***Budget***

- The AFMA budget process for 2004/05 commences shortly. In order that the prawn working group can have meaningful input to the process it is necessary to begin to identify budget items for the next financial year.
- The 2004/05 is likely to include the cost of two activities that will appear in the prawn fishery budget for the first time:
  - VMS (50% of the total cost of running a system that also counts the days in the fishery)
  - Observer program (it is proposed that this monitoring activity be cost recovered)
- The VMS program will commence on 1 March and so incur costs during the 2003/04 financial year. Since no costs were budgeted for this service it will be necessary to recover those costs in 2004/05
- It is expected that, subject to satisfaction with the VMS system being the basis for counting days in the fishery, the current reporting system will be dropped resulting in a cost saving.
- Likewise, the observer program will hopefully commence before the end of the 2003/04 financial year. These costs would also need to be recovered in the next financial year (depending on decisions taken in regard to cost recovery).
- Salaries, on costs and overheads are one of the most significant cost components of the budget. The following table sets out a provisional allocation of full time equivalents (FTEs) for discussion by the working group.

Provisional attribution of FTEs for the 2004/05 Financial Year		
Position	Percentage	Justification
AFMA Band 5 C	15	2 working group meetings, 2 TSFMAC meetings, interface with NPF
AFMA Band 4 TI	20	Day to day management of the fishery, 2 working groups, 2 TSFMAC meeting (prawn papers), 2 PZJA (prawn papers); bilateral issues
AFMA Band 3 TI	20	VMS ongoing operations
AFMA Band 3 C	10	Management support, interface with AFMA compliance,

		legal, finance
QFS (Gen Mgr)	?	Chair of meetings
QFS (policy)	?	Interface with ECTF, 2 working groups, 2 TSFMAC, 2 PZJA meetings

- Management activity during 2003/04 is and will continue to be intensive. The question is what level of management activity will be necessary in 2004/05.
  - Will strategic assessment of the prawn fishery be complete (noting there is an extension until December 2004)?
  - Managing the observer program (a part FTE is programmed)
  - VMS
    - Set-up will be completed but there will be ongoing activity for system maintenance and to respond to an unknown number of appeals/problems (hard to anticipate in advance)
    - Will the frequency of breakdowns increase with age of equipment requiring more time to resolve issues arising?
  - What will be required to implement the administrative arrangements to give effect to preferential entitlements, ie how much time will this take?
  - Prawn legislation review – should the legislation be re-written/rationalised?
  - By-catch action plan will be completed and should not require further attention
  - Will the effort issue be resolved in the fishery?
  - Completion of the prawn management plan
  
- The NPF 13 logbooks are now in short supply. It will be necessary to print new logbooks for the coming season. Whether the logbook remains the same or changes to incorporate grade information being sought by the NPF, there will be printing costs. If there is a change of format required in the NPF which is not required in the TSPF then the development costs will be borne by the NPF however, printing costs will be shared on a pro-rata basis (see agenda item 10). While the cost will be incurred in 2003/04 there was no specific budget for re-printing – an omission in the budget. Costs may need to be recovered in 04/05.
  
- Compliance costs – should be reworked in light of the compliance risk assessment

**LEVY (03/04)**

The 2003/03 acquittal by agency, and service are shown in Tables 1 and 2. The proposed 2003/04 budget by agency and service is shown in Tables 3 and 4. The 2003/04 Levy attribution is shown in Table 5. The attributed costs are shown on a per licence and per day basis in Table 6.

Table 1. Acquittal by agency against budget

	<b>2002/03 AGREED BUDGET</b>	<b>2002/03 ACTUAL EXPENDITURE</b>	<b>2002/03 SURPLUS/(DEFICIT)</b>
AFMA logbook collection	36,294	24,306	11,988
data entry	42,930	20,750	22,180
admin,salaries, oncosts	134,515	148,221	-13,706
sub-total AFMA	213,739	193,277	20,462
QFS	55,463	49,272	6,191
Surveillance and Enforcement			
QB&FP	40,654	40,842	-188
Vessel charter	61,548	35,355	26,193
sub-total surveillance and enforcement	102,202	76,197	26,005
<b>TOTAL</b>	<b>371,404</b>	<b>318,746</b>	<b>52,658</b>

Table 2. Acquittal by service.

	<b>2002/03 AGREED BUDGET</b>	<b>2002/03 ACTUAL EXPENDITURE</b>	<b>2002/03 SURPLUS or DEFICIT (-)</b>
Logbook collection	36,294	24,306	11,988
data entry	42,930	20,750	22,180
Surveillance	102,202	76,197	26,005
Entry/exit pager	2,500	2,500	0
Administration/other	164,473	174,658	-10,185
Licensing	23,005	20,335	2,670
sub-total	371,404	318,746	89,432
Budgeted levy income	397,941		
Levy income received		403,266	
Deficit in levy income	26,537	26,537	5,325
<b>02/03 CARRYFORWARD</b>		<b>57,983</b>	<b>57,983</b>

Table 3. 2001/02 to 2003/04 budget by agency (for comparative purposes).

	<b>2001/02 BUDGET</b>	<b>2002/03 BUDGET</b>	<b>2003/04 BUDGET</b>
AFMA logbook collection	62,540	36,294	32,241
data entry	31,764	42,930	33,125
admin, salaries, oncosts	49,299	134,515	166,959
sub-total AFMA	143,603	213,739	232,325
QFS	65,800	55,463	59,835
Surveillance and Enforcement			
QB&FP	37,660	40,654	49,921
Vessel charter	60,192	61,548	72,245
sub-total surveillance and enforcement	97,852	102,202	122,166
<b>TOTAL</b>	<b>307,255</b>	<b>371,404</b>	<b>414,326</b>

Table 4. Budget by service from 2001/02 to 2003/04.

	<b>2001/02 BUDGET</b>	<b>2001/02 ACTUAL</b>	<b>2002/03 BUDGET</b>	<b>2002/03 ACTUAL</b>	<b>2003/04 BUDGET</b>
Logbook collection	62,540	20,861	36,294	24,306	32,241
data entry	31,764	37,141	42,930	20,750	33,125
Surveillance & pager	100,352	100,442	104,702	78,697	124,666
Administration/other & licensing	112,599	167,004	187,478	194,993	224,294
<b>TOTAL</b>	<b>307,255</b>	<b>325,448</b>	<b>371,404</b>	<b>318,746</b>	<b>414,326</b>

- Attribution of costs can be re-studied
  - During the last round of budgets it was decided that cost would be attributed only to those licences that were active, ie were not in “no-boat” status. The working group could consider if it still favours that approach. [since making this comment it was noted that an amendment to the Act is required to change this and such a change was recommended in 1997 – this has been taken up with DAFF]
  - Licence levies have two components: a base fee payable by all licence holders and a fee based on the number of days allocated to each respective licence. The working group could consider the optimal ratio of the two levy components. Last financial year (2002/03) the fees were split as follows:

Table 5 Attribution of costs.

	Attributed Costs	Carry-forward	Total to be	Fixed Costs		Variable Costs	
	2003/04	deficit	Attributed	%	\$	%	\$
Logbook collection	32,241	-11,988	20,253	100	20,253	0	0
data entry	33,125	-22,180	10,945	0	0	100	10,945
Surveillance & pager	124,666	-26,005	98,661	50	48,080	50	50,580
Administration/ other & licensing	224,294	2,190	226,484	50	113,242	50	113,242
<b>TOTAL</b>	<b>414,326</b>	<b>-57,983</b>	<b>356,343</b>		<b>181,575</b>		<b>174,767</b>

Table 6. Attribution per entitlement and days.

<b>Number of active boats as at 17 October 2003</b>	<b>76</b>
<b>Fixed component/boat (based on 76 boats)</b>	<b>\$2,687.15</b>
<b>Number of nights allocated to these 76 active vessels</b>	<b>13,486</b>
<b>Variable component/night</b>	<b>\$11.28</b>

### *Cost Recovery Review*

- The Department of Agriculture, Fisheries and forestry, together with the Department of Finance and AFMA are currently reviewing the fisheries cost recovery policy. The review could result in a change in the way in which AFMA costs are apportioned between government and industry and hence affect levies in future years.
- The review must be undertaken in accordance with new Government Cost Recovery Guidelines. The review is more than a simple update of the 1994 cost recovery review.
- The key dates for the review are:
  - 22 October - issues paper sent to industry associations, MACs and other stakeholders,
  - 3 December - all comments must be received
  - 8/9 December - informal Board discussion of progress
  - Late December (possibly early January, but difficult because of holidays) - Board "certification" of cost recovery impact statement and cost recovery policy

A copy of the issues paper will be provided at the Working Group meeting for consideration

## ***DISCUSSION***

### **BUDGET (04/05)**

In estimating the budget for 2004/05 it is necessary to consider the amount and type of work that will be required. Many management tasks will hopefully be completed by 2004/05. This could result in reduced staff commitments. However, there is uncertainty about what level of commitment will be required to keep the VMS system operational and efficient as there is no historical experience with this system as it will be implemented in Torres Strait.

There is also no experience with an observer program in Torres Strait. With regard to this program there are two elements of uncertainty. The first is the scale of the program that will be required to meet the objectives. Questions such as “will there be adequate coverage to realistically be able to detect any changes in the abundance of species at high risk”, ie will the program be effective at monitoring these species, will have to be evaluated in light of experience with the program. Then there is the uncertainty about operational aspects of the program – will it cost more or less than expected to place observers on boats (including the possibility of crew based observers), process samples etc. Experience in the first few months of the program (hopefully early 2004) will go a long way towards answering these questions – but not in time for the budget process.

The final area of uncertainty is the resolution of the ongoing issue of allocated effort in the fishery. Industry and Government are of different views about this issue. Unless the issue can be resolved through the consultative structure and the PZJA there is a high probability that it will be resolved through the justice system. If it transpires that a case is put to the justice system then it is reasonable to expect that there will be considerable demand on staff's time to prepare documentation. It is Management's hope that this costly process can be avoided.

It is expected that surveillance activity in the fishery will remain relatively unchanged although there is an expectation that it will become for focused and efficient through the use of VMS data, and in light of the compliance risk assessment.

### ***LEVY (03/04)***

Levies are collected in February, 7 months after the commencement of the financial year. The process of setting the levy for the fishery requires that several steps be followed:

1. the budget for the 2002/03 financial year is acquitted and surpluses and deficits are carried forward (Industry has requested that Year to Date summaries of the budgets be produced so any significant deviations from the budget can be monitored and anticipated);
2. Decisions must be made about the attribution of the costs. This involves a decision about whether or not licensees should be levied if they are not active in the fishery

and also decisions about the fixed and variable costs. The working group can consider whether or not the arrangements used in the past are most appropriate for the 2003/04 levy calculations.

The process to assemble the financial information for the levy figures has now been finalised. Discrepancies between the budget by service and by agency have been resolved. The total levy to be collected for 2003/04 is \$356,343. This amount is lower than the \$397,941 that was budgeted to be collected in 2002/03.

***RECOMMENDATION***

1. That the PWG discuss the management program for 2004/05 financial year and consider how the levy should be attributed when it is collected in February 04.