

<b>TORRES STRAIT PRAWN</b>	<b>Meeting No. 10</b>
<b>MANAGEMENT ADVISORY COMMITTEE</b>	<b>30 June – 1 July, 2010</b>
<b>FINANCES</b>	<b>Agenda Item 5.1</b>
<b>2010/2011 Draft budget for the Torres Strait Prawn Fishery</b>	<b>FOR NOTING</b>

## **RECOMMENDATION**

### **5.1.1 That the TSPMAC NOTES;**

- a) the draft 2010/11 budget for the TSPF which is based on the PZJA approved cost recovery framework which is AFMA's 2004 Cost Recovery Impact Statement (CRIS); and
- b) that AFMA has a new cost recovery framework for 2010 onwards and that the PZJA will be asked to consider whether this CRIS should apply to the entire TSPF budget. To advise the PZJA the TSPMAC will be asked later in 2010 to consider various options.

## **BACKGROUND**

At the Torres Strait Prawn's first management advisory committee meeting in June 2006, it was agreed that AFMA and Fisheries Queensland (formally Queensland Department of Primary Industries and Fisheries) would provide the TSPMAC with a draft annual budget for comment prior to its finalisation.

Due to the joint management arrangements currently in place for the Torres Strait Protected Zone, different services are provided by each PZJA agency and are budgeted by each agency separately. The functions provided by Fisheries Queensland and AFMA include:

- monitor and develop management arrangements in the fishery (where needed) to meet obligations under relevant legislation;
- facilitate and coordinate consultative management processes;
- facilitate the provision of sound scientific data relating to the condition of the fishery in support of the PZJA and its statutory obligation to keep *constantly under consideration the condition of the fishery*;
- develop, implement and enforce regulations to implement the PZJA's Policies; and
- administer licencing functions.

The PZJA agreed at its 8<sup>th</sup> meeting of October 1996, that these services would be cost recovered from industry in the form of annual levies at the rate of 100% from 1999/2000.

The PZJA further agreed at its 18th meeting in July 2005 that cost recovery should be based on the principles in the current AFMA Cost Recovery Impact Statement (CRIS) as it applies to other Commonwealth fisheries, but noting that the PZJA may choose to depart from the percentages used in the CRIS. The CRIS that the decision referred to was agreed by the Commonwealth Minister in 2004.

This following paper provides information on both the AFMA and Fisheries Queensland portions of the draft budget. While these have been outlined as separate items (and as a total combined budget) both will be used as the basis of calculating TSPF levies for the 2011 season.

### **AFMA 2010/2011 budget for the TSPF**

The AFMA budgets are drafted in accordance with the AFMA Cost Recovery Impact Statement (CRIS) which is reviewed every 5 years according to the Commonwealth Governments Cost Recovery Guidelines. AFMA reviewed its existing CRIS during 2008-09 financial year and released a draft CRIS for comment in January 2009. A draft amended CRIS was provided to TSPMAC for comment in May 2009 during the stakeholder consultation process. The TSPMAC made the following recommendation regarding the CRIS and its adoption to the TSPF:

*The TSPMAC **AGREED** that the CRIS 2009 if applied to the entire TSPF budget including QLD would be the preferred cost recovery method followed by the current cost recovery policy decision of the PZJA, with the CRIS 2009 being applied to the AFMA portion of the budget only being undesirable.*

Following the provision of draft budgets in April 2009, a number of issues were raised by various stakeholders regarding the draft CRIS that could not be resolved prior to the completion of the 2009-10 budget. As a result, cost recovery arrangements for 2009-10 continued under the existing CRIS while AFMA worked with the Commonwealth Fisheries Association (CFA) to resolved outstanding matters. Following an extensive consultation process, agreement has now been reached with the CFA on a revised CRIS and its principles have been used to calculate the budgets for AFMA Commonwealth Fisheries.

As the TSPF is a PZJA fishery (not a Commonwealth fishery), a separate decision must to be made to adopt the new CRIS for the TSPF. As this decision has not yet been considered by the PZJA, the 2010/11 budget has been developed under CRIS 2004 (consistent with the current PZJA cost recovery decision).

### **DISCUSSION**

#### **AFMA 2010/11 budget for the TSPF using CRIS 2004**

Attachment 5.1A provides the draft 2010/11 AFMA budget for the TSPF in isolation and in comparison to the previous years (2009/10) AFMA budget.

The total draft AFMA budget for the TSPF for 2010/11 is \$347,210. The industry funded portion of this is \$303,166 compared to \$325,019 in 2009/10. This represents an industry saving of \$12,405.

**Table 1.** Total AFMA budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	61,148	21,853	(39,295)
<b>Industry</b>	315,571	303,166	(12,405)
<b>Total</b>	<b>376,719</b>	<b>325,019</b>	<b>(51,700)</b>

Below is an indication of the increases and decreases to various sections of the AFMA budget which resulted in the overall decrease for the TSPF.

***Decreases to the budget have occurred in the following areas:***

*Observers*

A cut to the number of observer days (from 180 to 90) for the TSPF to reflect actual effort in the fishery has resulted in a \$55,444 saving to industry. An explanatory statement for the costs of the Observer program, are provided at Attachment 5.1B.

**Table 2.** Observer budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	31,639	17,778	(13,861)
<b>Industry</b>	126,556	71,112	(55,444)
<b>Total</b>	<b>158,195</b>	<b>88,890</b>	<b>(69,305)</b>

*Logbook data entry*

This is the budget item associated with costs of printing and administering logbooks. The cut to costs is a result of using less of the data entry teams time, largely due to reduced effort in the fishery. There has been an hourly rate increase for staff which is included in the budget.

**Table 3.** Logbook and data entry budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	0	0	0
<b>Industry</b>	19700	10504	(9,196)
<b>Total</b>	<b>19700</b>	<b>10504</b>	<b>(9,196)</b>

***Increases to the budget have occurred in the following areas:***

### *Consultancy and contractors*

This is a result of the budget now including sitting fees for the TSPMAC Chair and Industry members which had not been included in previous budgets.

**Table 4.** Consultancy and contractors budget (Chair and Industry sitting fees) for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	0	0	0
<b>Industry</b>	0	8,094	8,094
<b>Total</b>	<b>0</b>	<b>8,094</b>	<b>8,094</b>

### *Research projects*

This is a new budget item for the TSPF, as past Commonwealth research has not been relevant to the fishery. The research project item is an industry funded project titled “*Designing information requirements for Ecosystem Based Fisheries Management (EBFM) of Commonwealth Fisheries*”. This project that broadly relates to Commonwealth fisheries is costed across fisheries depending on the proportion of management levies for each fishery. The TSPF portion is \$4,938, with 75% being funded by Government, and \$1,235 being cost recovered from industry.

### *Research administration*

This is another *new budget item for the TSPF*. The research administration cost covers costs that AFMA incurs in administering AFMA’s research functions. This cost is split between fisheries depending on the proportion of the dollar value of research undertaken in each fishery compared to the total. For the TSPF, this only relates to the EBFM project above. The TSPF portion is \$496, with \$124 being cost recovered from industry.

### *Data management*

According to current cost recovery policy, 100% of the data management budget is recoverable from industry. For the 2010/11 budget, the Data Management costs will be charged to fisheries as actuals. Thus, although a specific amount will be budgeted for in each fisheries budget (and there is an increase above), the data management team will log all work generated by a fishery when it comes to e-Logs and reporting requests and reconcile this every 3 months. Actual expenses will then be adjusted with the finance team (see attachment 5.1C for more information about this budget section).

**Table 5.** Data management budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	0	0	0

<b>Industry</b>	12,864	18,047	5,183
<b>Total</b>	<b>12,864</b>	<b>18,047</b>	<b>5,183</b>

#### *Travel costs*

There has been an increase to travel costs associated with flights for the new TSPMAC industry member located in Canberra TSPMAC industry member flights, as well as, flights being budgeted for port meetings regarding future management arrangements for the TSPF in 2010.

**Table 6.** Travel budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	0	0	0
<b>Industry</b>	11,434	17,094	5,660
<b>Total</b>	<b>11,434</b>	<b>17,094</b>	<b>5,660</b>

#### *Overheads*

Overheads have increased this year by \$26,771 for a number reasons revolving around changes to AFMA's expenditure profile. These include:

- the cost of maintaining adequate infrastructure and governance arrangements to support the agency and its staff particularly in relation to information technology, financial management and office facilities;
- a net increase in the number of budgeted fishery management staff to reflect cost recovered environmental management activities;
- a reduction in the number of staff funded by government appropriation, resulting in a higher proportion of overhead cost applied to each cost recovered full time equivalent staff members; and
- a net reduction in the amount of government funding allocated to the policy support activity due to constraints on AFMA's government appropriation.

**Table 7.** Overhead budget for the 2010/11 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	<b>2009/10</b>	<b>2010/11</b>	<b>Difference increase/(decrease)</b>
<b>Government</b>	29,509		(29,509)
<b>Industry</b>	35,149	61,920	26,771
<b>Total</b>	<b>64,658</b>	<b>61,920</b>	<b>26,771</b>

#### **Fisheries Queensland 2010/2011 draft budget for the TSPF**

There has been an overall decrease in the Fisheries Queensland budget for the 2010/11 financial year of \$16,594. This decrease is a result of savings from the Queensland Boating and Fishing Patrol's restructuring of the compliance program as per TSPMAC recommendation 8.12. There were increases in the budget under the VMS, and licensing section which are largely attributed to increases as a result of an Enterprise Bargaining Agreement which has come into effect.

**Table 8.** Fisheries Queensland 2010/2011 draft TSPF budget

<b>Description</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Variance</b>
Management	117,475	109,917	7,558
Compliance (QB&FP)	68,995	59,960	9,036
<b>Total</b>	<b>\$ 186,471</b>	<b>\$ 169,876</b>	<b>\$ 16,594</b>

**Combined AFMA and Fisheries Queensland 2010/2011 TSPF budget for calculating the levy base**

The draft levy base for the TSPF for 2010/11 using CRIS 2004 (the current cost recovery principles) is \$539,380, a decrease of \$66,337.

**Table 9.** Combined AFMA and Fisheries Queensland 2010/2011 TSPF budget using current cost recovery policy approved by the PZJA

<b>Description</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Variance</b>
Management (QPI&F)	117,475	109,917	(7,558)
Compliance (QB&FP)	68,995	59,960	(9,035)
Combined AFMA budget	384,365	325,019	(59,346)
<b>Total budget</b>	<b>\$570,835</b>	<b>\$494,896</b>	<b>(75,939)</b>
Less Government contribution	-31,455	-21,853	(9,602)
<b>Total cost recovered budget (levy base)</b>	<b>\$539,380</b>	<b>\$473,043</b>	<b>(66,337)</b>

**Timings**

Once AFMA budget acquittals from 2010-11 are finalised, over and/or underspends will be applied and the 2011 levy calculated. The TSPMAC will meet out of session to discuss the draft levies before they are presented to the PZJA for approval. It is anticipated that the levies will go to the end October ExCO meeting.



**Torres Strait Prawn  
Draft Budget 2010-11  
Summary of Budget Versions  
2010-11 Budget Breakdown - based on CRIS 2010**

	Fishery Mgt	Management Advisory Committees	Logbooks	Data Management	Licensing & Management Quota	PISCES and Go-Fish Authorisation	Observers	Compliance Data Collection	Sub-total	Research Projects	Resource Assessment Groups	Research Administration	Total
<b>Cost Recovered</b>													
Salaries	109,986	-	1,391	10,747	-	-	47,410	-	169,534	-	-	70	169,604
Consultants and Contractors	8,094	-	5,069	710	-	-	990	-	14,863	1,234	-	-	16,098
Travel and meetings	17,094	-	150	58	-	-	4,246	-	21,548	-	-	0	21,548
Other administrative	5,050	-	460	379	-	-	2,237	-	8,126	-	-	10	8,136
Sub-total	140,224	-	7,071	11,894	-	-	54,882	-	214,071	1,234	-	81	215,386
Overheads - type A	7,025	-	434	596	-	-	2,769	-	10,824	-	-	4	10,828
Overheads - type B	27,563	-	1,144	3,320	-	-	8,197	-	40,224	-	-	22	40,246
Overheads - type C	18,718	-	1,334	1,863	-	-	3,256	-	25,171	-	-	12	25,183
Overheads - type D	8,614	-	521	375	-	-	2,509	-	12,019	-	-	5	12,024
<b>Total</b>	<b>202,143</b>	<b>-</b>	<b>10,504</b>	<b>18,047</b>	<b>-</b>	<b>-</b>	<b>71,614</b>	<b>-</b>	<b>302,309</b>	<b>1,234</b>	<b>-</b>	<b>124</b>	<b>303,668</b>
<b>Government</b>													
Salaries	-	-	-	-	-	-	11,852	-	11,852	-	-	211	11,852
Consultants and Contractors	-	-	-	-	-	-	248	-	248	3,703	-	-	3,951
Travel and meetings	-	-	-	-	-	-	1,061	-	1,061	-	-	1	1,061
Other administrative	-	-	-	-	-	-	559	-	559	-	-	30	559
Sub-total	-	-	-	-	-	-	13,721	-	13,721	3,703	-	242	17,424
Overheads - type A	-	-	-	-	-	-	692	-	692	-	-	12	692
Overheads - type B	-	-	-	-	-	-	2,049	-	2,049	-	-	67	2,049
Overheads - type C	-	-	-	-	-	-	814	-	814	-	-	37	814
Overheads - type D	-	-	-	-	-	-	502	-	502	-	-	15	502
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,778</b>	<b>-</b>	<b>17,778</b>	<b>3,703</b>	<b>-</b>	<b>372</b>	<b>21,481</b>

**Torres Strait Prawn  
Draft Budget 2010-11  
Summary of Budget Versions  
2009-10 Budget Breakdown - based on CRIS 2004**

	Fishery Mgt	Management Advisory Committees	Logbooks	Data Management	Licensing & Quota Management	PISCES and Go-Fish Amortisation	Observers	Domestic Compliance	Sub-total	Research Projects	Resource Assessment Groups	Research Administration	Total
<b>Cost Recovered</b>													
Salaries	108,067	-	2,613	7,604	-	-	76,973	-	195,257	-	-	-	195,257
Consultants and Contractors	-	-	9,519	-	-	-	12,946	-	12,464	-	-	-	12,464
Travel and meetings	11,434	-	331	157	-	-	13,427	-	25,349	-	-	-	25,349
Other administrative	1,800	-	869	722	-	-	3,527	-	6,918	-	-	-	6,918
Sub-total	121,301	-	13,332	8,483	-	-	96,872	-	239,988	-	-	-	239,988
Overheads - type A	7,980	-	1,613	1,027	-	-	11,724	-	22,344	-	-	-	22,344
Overheads - type B	16,042	-	2,808	1,980	-	-	14,112	-	34,942	-	-	-	34,942
Overheads - type C	11,127	-	1,948	1,374	-	-	3,848	-	18,296	-	-	-	18,296
<b>Total</b>	<b>156,450</b>	<b>-</b>	<b>19,700</b>	<b>12,864</b>	<b>-</b>	<b>-</b>	<b>126,556</b>	<b>-</b>	<b>315,571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315,571</b>
<b>Government</b>													
Salaries	-	-	-	-	-	-	19,243	-	19,243	-	-	-	19,243
Consultants and Contractors	-	-	-	-	-	-	736	-	736	-	-	-	736
Travel and meetings	-	-	-	-	-	-	3,357	-	3,357	-	-	-	3,357
Other administrative	-	-	-	-	-	-	882	-	882	-	-	-	882
Sub-total	-	-	-	-	-	-	24,218	-	24,218	-	-	-	24,218
Overheads - type A	-	-	-	-	-	-	2,931	-	2,931	-	-	-	2,931
Overheads - type B	-	-	-	-	-	-	3,528	-	3,528	-	-	-	3,528
Overheads - type C	-	-	-	-	-	-	962	-	962	-	-	-	962
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,639</b>	<b>-</b>	<b>31,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,639</b>