

TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE	Meeting No. 3 9 February 2007
2006/2007 Budget year to date	Agenda Item No. 6.1

RECOMMENDATION

That the TSPMAC **NOTES** the 2006/07 financial year to date expenditure for the TSPF.

BACKGROUND

The TSPF is a cost recovered fishery. Levies collected each year cover the direct and indirect management costs. The direct costs include salaries & staff related costs, travel & subsistence, consultants & contractors and other administrative costs. The indirect costs include logbook costs, data management, compliance and the observer program.

DISCUSSION

1. Year-To-Date (YTD) Budget

Table 6.1.1 provides the AFMA year to date budget and expenditure as at 31 January 2007 for the TSPF.

A number of AFMA costs listed in Table 6.1.1 are currently underspent due to various factors. The salaries and staff related costs are underspent due to periodic vacancies in the Band 3 and Band 4 AFMA positions that have large time allocations to the TSPF. The consultants & contractors item has been totally underspent, as it was determined that the Allocation Advisory Panel (AAP) process that was originally budgeted for will not be required. The \$27,500 for the AAP process was not included in the calculations for the 2007 season levies. The travel & subsistence costs have been underspent due to only one TSPMAC meeting having been held prior to 31 January 2007, which two AFMA Canberra based staff with direct roles on TSPMAC attended. At the time that the budget was drafted it was anticipated that two TSPMAC meetings would have been held by 31 January 2007, with three AFMA Canberra based staff with direct roles on TSPMAC attending. The other administrative costs are largely associated with the printing and postage of the Torres Prawn Handbook. As the handbook has not yet been completed, these costs are currently underspent, but will be incurred at a later stage.

The only one item that is significantly overspent, which is the meetings & conferences item. This is due to there being limited meeting venues available in Cairns when the September 2006 TSPMAC was held. Therefore the TSPMAC meeting was held at the only available venue, which was The Oasis Resort, where the costs were higher than had been for previous venues.

AFMA have been advised that the Queensland Government expenditure for the fishery is tracking with their year-to-date budget.

2. 2006/2007 Levies

During the levy calculations for the 2007 season AFMA and DPI&F were able to identify savings to the fishery which have altered the licence and per day levies. The share of the costs attributed to the fishery for the AFMA Thursday Island office was reviewed and this review led to a subsequent saving of \$59,998. A portion of the AFMA compliance costs was also investigated and it was found that \$15,000 from this section of the budget could also be cut. This led to an overall cost saving from the AFMA budget of \$74,998.

DPI&F also investigated their portion of the budget and found that some costs had inappropriately been allocated to the TSPF. The removal of these costs led to an additional saving of \$43,940.

This led to an overall cost saving of \$118,938. Subsequently the levies for the 2007 season were revised and the levies to be charged are as follows:

Licence levy: \$3,187.21

Per fishing day levy: \$16.50

It is anticipated that the levy regulations will be signed off by the Federal Executive Council (EXCO) on 15 February 2007. Provided that the levy regulations are approved by EXCO, it is expected that industry invoices will be sent by 16 February 2007.

Table 6.1.1: AFMA 2006/07 financial year budget and actual expenditure*

Description	YTD Budget	YTD Actual	Actual YTD less budget
Salaries (As at 31 December 2006)	\$46,801	\$39,715	-\$7,086
Staff related costs (As at 31 December 2006)	\$10,014	\$10,068	\$54
Consultants & Contractors (As at 31 December 2006)	\$27,500	\$27,500	-\$27,500
Travel & Subsistence (As at 31 December 2006)	\$18,800	\$5,097	-\$13,703
Meetings & Conferences (As at 31 December 2006)	\$900	\$2,852	\$1,952
Other administrative costs (As at 31 December 2006)	\$200	\$0	-\$200
Logbook data (As at 30 November 2006)	\$12,931	\$12,485	-\$446
Data management (As at 30 November 2006)	\$14,456	\$9,582	-\$4,873
Compliance (As at 2 February 2007)	\$20,491	\$3,211	-\$17,280
Observers [#] (As at 2 February 2007)	\$74,928	\$27,125	-\$47,803

* The most up to date figures are provided for each item.

These figures do not include staff overheads or observer program administration costs. These costs are the costs of putting observers on vessels. The overhead and administration YTD budgets and actuals will be available in mid February.

TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE	Meeting No. 3 9 February 2007
Cost Recovery of levies for 2007 – Letter sent to licence holders by AFMA	Agenda Item No. 6.2

THE TSPMAC RECOMMENDS:

That the PZJA NOTES:

- the industry concerns regarding the Torres Strait Prawn Levy process, in particular the fact that Australian operators hold 75% of the fishing effort but have been directed by AFMA that they are to pay for 100% of the management costs of the Fishery even though they do not own 25% of the effort, and
- Industry's advice to Government that they are not responsible for the 25% costs related to the PNG portion of the Fishery's overall management costs and it's belief that it is unreasonable of Government to force Industry to pay this through threat of withholding licence renewal if it is not paid; and

That the PZJA DECIDES:

- To require the Australian Industry to pay only 75% of the total cost recovery for the TS Prawn Fishery, and
- That Government make additional arrangements to cover the 25% of cost recovery related to the 25% of days held in Trust for PNG by the Australian Government.

BACKGROUND

Following the Australian Government funded buyback in 2006, 25% of the allocated fishing days for the TSPF are now held in trust for use by PNG vessels endorsed to fish in the Australian jurisdiction of the Torres Strait Protected Zone.

The reduction in the number of boats and proportion of effort held by Australian licence holders, coupled with increases in management costs and Commonwealth Government Agency insistence that Industry bear 100% of costs to cover the PNG component, has resulted in significant concerns being raised by Industry and an increase in the amount levied from each licence holder.

The Australian Government Minister for Fisheries, Forestry and Conservation announced on 9 May 2006 that \$500,000 would be provided by the Australian Government for levy relief over two years for operators in the TSPF. The levy relief package was provided to assist while new management arrangements were developed in accordance with the Protected Zone Joint Authority decisions announced in November 2005.

Industry received a letter from AFMA in December 2006 advising that the Australian sector will be responsible for 100% of the management costs.

DISCUSSION

Industry members have consistently argued the Australian Industry licensees should only be required to cover the management costs of the 75% of the Fishery that they hold and are entitled to use from year to year. Industry are not prepared to wear the additional 25% cost

related to the 25% of effort held in Trust for PNG as an across the board distribution to all licence holders.

Industry have suggested that, should the PNG 25% not be taken up by PNG, then those Australian licensees who gain access to the 25% each year through the preferential access arrangements be responsible for the 25% costs for the year. Should only some or none of the 25% of days held in Trust for PNG be used, for whatever reason, then the management costs associated with the 25%, or part thereof remaining unallocated, be borne by the Australian Government as the legal Trustee of those days, rather than asking for payment from licensees who have no use of the days and therefore no mechanism for obtaining a benefit from them to assist in paying for the “management” cost of them.

These Industry concerns and suggested solutions have previously been expressed and provided to Government and the TSPMAC, however this has been ignored to date. Industry has now requested that this view be expressed in writing to the Australian Government and that the arrangements be modified to require only 75% of management costs to be paid by the Australian sector, with all or part of the remaining 25% being paid by any users of these days or Government as the Trustee.

Previously the advice on the Australian Government policy on such matters has been that full cost recovery will be levied from Australian operators until different arrangements have been accepted by both signatories of the Treaty. This is unreasonable and discriminatory towards those existing licence holders who are being asked to bear the burden of Government Trustee’s costs for an asset that they, the licensees, neither own nor use.

TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE	Meeting No. 3 9 February 2007
2007/2008 Draft budget for the TSPF	Agenda Item No. 6.3

RECOMMENDATION

That the TSPMAC **APPROVES** the draft 2007/2008 budget for the TSPF.

BACKGROUND

An action item from the 1st meeting of the TSPMAC was for “AFMA and DPI&F to liaise and jointly provide future budget information to industry for comment prior to the budget being finalised.”

AFMA began drafting the 2007/2008 budget in November 2006. Following the completion of the 1st draft of the budget a meeting was held between AFMA and DPI&F staff in December 2006 to discuss the draft budget.

DISCUSSION

Attachment 6.3.1 provides the draft 2007/2008 AFMA budget for the fishery compared with the 2006/2007 AFMA budget.

There has been an overall cost saving in the draft AFMA budget of \$70,629. The biggest savings have been in the areas of Salaries & On-costs, Consultants & Contractors and Data Management.

The areas of the budget that have increased in cost are the Other Administrative Costs, Share of Torres Admin, Logbook Program and Observers. The Other Administrative Costs mainly covers the costs of the MAC meetings; however costs such as legal fees are included in this item. An extra \$5,200 has been added to this item to cover anticipated legal costs to implement the management plan. There has been an overall increase in the cost of running the AFMA Thursday Island (TI) office. The proportion of the costs attributed to the TSPF for the running of the TI office is 2%. The Logbook Program cost increase is due to an increase in staff salaries and associated costs.

The observer program budget for the TSPF in 2007/2008 has increased by \$21,235 from the 2006/2007 budget. The budget increase is mostly due to increased at-sea and travel allowances. A total of 180 observer sea days have been budgeted in 2007/2008 for the fishery, which is the same as the previous year. The budget for the observer program also covers 54 land days, which includes travel and reporting. The observer program is a requirement arising from the strategic assessment of the fishery by the Department of Environment and Heritage.

At the time of writing AFMA were advised by Queensland Government that figures for their draft budget for 2007/2008 were not readily available, however the DPI&F would increase due to staffing cost increases. As a guide, the DPI&F costs for 2006/2007 attributed to the TSPF during levy calculations was \$158,398.

The Australian Government will provide \$250,000 in levy relief for the 2007/2008 financial year, in recognition of the reduction of both vessels and days in the fishery during the 2006 season. This levy relief and any carry forward surplus from the 2006/2007 budget will be offset against the 2008 levies.

Attachment 6.3.1: Draft 2007/08 AFMA budget

Australian Fisheries Management Authority
Final budget levybase for the 2007/2008 financial year

Torres Prawn

Description	2007/2008 Budget			2006/2007 Budget			increase/(decrease)		
	Total	Industry	Govt	Total	Industry	Govt	Total	Industry	Govt
<u>Direct Costs</u>									
Salaries & On-costs	88,540	88,540	-	113,630	113,630	-	(25,090)	(25,090)	-
Consultants & Contractors	-	-	-	27,500	27,500	-	(27,500)	(27,500)	-
Travel & Subsistence	16,750	16,750	-	32,500	32,500	-	(15,750)	(15,750)	-
Other Administrative Costs	10,900	10,900	-	4,425	4,425	-	6,475	6,475	-
Total Direct Costs	116,190	116,190	-	178,055	178,055	-	(61,865)	(61,865)	-
<u>Overheads *</u>	66,985	66,985	-	83,659	83,659	-	(16,674)	(16,674)	-
<u>Research</u>	-	-	-	-	-	-	-	-	-
<u>Broader marine (inc RAGs)+</u>	-	-	-	-	-	-	-	-	-
<u>Research Administration</u>	-	-	-	-	-	-	-	-	-
<u>Indirect Costs</u>									
Share of Torres Admin (ex research)	16,108	16,109	-	14,999	14,999	-	1,110	1,110	-
Logbook Program	39,049	39,049	-	29,610	29,610	-	9,439	9,439	-
Data Management	17,495	17,495	-	34,694	34,694	-	(17,199)	(17,199)	-
Licensing and Registers	-	-	-	-	-	-	-	-	-
Compliance	30,620	7,810	22,810	37,286	11,143	26,143	(6,666)	(3,333)	(3,333)
Observers	148,899	119,119	29,780	127,664	102,131	25,533	21,235	16,988	4,247
Total Indirect Costs	252,171	199,582	52,588	244,253	192,577	51,676	7,919	7,005	914
<u>Total Costs</u>	435,346	382,757	52,588	505,967	454,291	51,676	(70,620)	(71,534)	912

* overheads are allocated based on direct costs and direct staff numbers

+ industry's share is 25% of the total cost - the govt share is funded by the AFMA Research Fund