

<b>TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE</b>	<b>Meeting No. 5 4-5 December 2007</b>
<b>Finance: 2008 TSPF Levies</b>	Agenda Item No. 4.1

## RECOMMENDATION

4.1 The TSPMAC **NOTES** the 2008 Levies for the Torres Strait Prawn Fishery (TSPF), as provided in the explanatory statement.

## BACKGROUND

The current levies are calculated using fixed (licence) and variable (day) components to give a licence fee and a per day fee. The fixed cost component equates to approximately 60% of the total management costs for the fishery and consists of logbooks, surveillance and administration and management, of which industry contributes 100%, 50% and 60% of costs respectively. The variable cost component equates to approximately 40% of the total management costs for the fishery and consists of data entry, surveillance and administration and management, of which industry contributes 100%, 50% and 40% of costs respectively.

With a reduction in both vessels and days in the fishery following the tender process conducted for the 2006 season, levy relief was provided by the Australian Government for the 2007 and 2008 seasons to the amount of \$250,000 per year.

At TSPMAC 4 in June 2007, the TSPMAC recommended that the PZJA **APPROVES** the draft Explanatory Statement for the Prawn fishery in 2008. Subsequently, at PZJA 21 in August 2007, the PZJA **AGREED** to the draft Explanatory Statement for the setting of levies in the prawn fishery for 2008 to be finalised by the PZJA Chair when levy amounts have been agreed in accordance with cost sharing arrangements (21.3.3.2).

## DISCUSSION

Following the finalisation of the 2006/2007 cost shared budget between AFMA and QDPI&F, a TSPF budget surplus of \$64,376 was identified consisting of \$64,376 from AFMA and \$0 from QDPI&F. Subsequently, this amount was applied as a deduction in the calculation of the 2008 TSPF levies as set out in the Explanatory Statement at Attachment 4.1A.

The proposed Regulation amendments to the *Fisheries Levy (Torres Strait Prawn Fishery) Regulations 1998* (Principal Regulations) is to decrease the levy for licences granted or renewed in respect of the Torres Strait Prawn Fishery (the fishery) from \$3,187.21 in 2007 to \$2,786.78 in 2008 per licence and a decrease of the levy for each individual fishing day authorised by licences from \$16.50 to \$9.88 per day.

In addition, if the Department of Agriculture, Fisheries and Forestry successfully negotiate with PNG on a potential re-allocation of unused PNG days in the fishery, a variable component will also be included in the TSPF levy regulations for those days. The amount of the levy will most likely be on a par with the variable component of \$9.88 per day.

EXPLANATORY STATEMENT

SELECT LEGISLATIVE INSTRUMENT 2007 No.

Issued by the authority of the Minister for Fisheries, Forestry and Conservation  
*Fisheries Levy Act 1984*

*Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2007 (No. )*

The Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulation amends the *Fisheries Levy (Torres Strait Prawn Fishery) Regulations 1998* (Principal Regulations) to decrease the levy for licences granted or renewed in respect of the Torres Strait Prawn Fishery (the fishery) from \$3,187.21 to \$2,786.78 per licence and a decrease of the levy for each individual fishing day authorised by licences from \$16.50 to \$9.88 per day.

Section 8 of the *Fisheries Levy Act 1984* (Levy Act) provides that the Governor-General may make regulations for the purposes of sections 5 and 6 of the Levy Act. Section 5 of the Levy Act imposes a levy on, amongst other things, the grant or renewal of a licence under the *Torres Strait Fisheries Act 1984* (TSF Act). Section 6 of the Levy Act provides that the amount of levy imposed on the grant or renewal of a licence is such an amount as is specified in the regulations. Section 7 of the Levy Act provides that the levy is payable at the time of the grant or renewal of the licence.

The fishery is a Protected Zone Joint Authority (PZJA) fishery under the TSF Act pursuant to an arrangement under section 31 of the TSF Act which came into effect on 1 April 1999. Subsection 36(2) of the TSF Act provides that the powers of the Minister under Part IV (Licences, endorsement and entries) of the TSF Act are exercisable under those provisions by the PZJA as if references to the Minister were references to the PZJA.

Subsections 19(2) and 19(3) of the TSF Act provide that the Minister may, at his or her discretion, grant to a person a licence authorising the use of a specified boat for taking fish in the course of commercial fishing and for carrying, or processing and carrying, fish taken with the use of the licensed boat in areas of Australian jurisdiction. The "area of Australian jurisdiction" is defined in section 3 of the TSF Act and includes areas of waters within the Torres Strait Protected Zone, as defined in the Torres Strait Treaty at Schedule 1 of the TSF Act an area "outside but near" the Protected Zone. Section 24 of the TSF Act provides that the Minister may renew a licence granted under section 19.

The Principal Regulations were adopted pursuant to a decision of the PZJA on 26 October 1996 to introduce cost recovery in the fishery and a further decision on 5 November 1997 that the formula to be used for the levy would be split on the basis of fixed (per boat) and variable (per day) components. The Torres Strait Prawn Working Group agreed in December 2002 that the administration, licensing and other costs would be considered as one component for levy calculations, which would be split 60:40 between fixed and variable components. In subsequent years the levies have been calculated using this split for administration, licensing and other costs. The PZJA decided on August 29, 2007 that the levy for 2008 continues to be calculated using the current formula for fixed and variable components, which is as follows:

- Logbook data entry costs – charged to the variable component;
- Other logbook costs – charged to the fixed component;
- Surveillance costs – split equally between fixed and variable components;
- Entry and exit costs – charged to the fixed component; and
- Administration, licensing and other costs – split between the fixed (60%) and variable (40%) components.

The levy costs are attributable to services provided by the Australian Fisheries Management Authority (AFMA) and the Queensland Department of Primary Industries and Fisheries (QDPI&F), which includes the Queensland Boating and Fisheries Patrol (QB&FP), who undertake enforcement activities for the fishery on behalf of the PZJA under the “Agreement Between the Commonwealth of Australia and the State of Queensland Relating to the management of fisheries in the area of the Australian jurisdiction of the Torres Strait Protected Zone established under the Torres Strait Treaty” dated 10 July 1999.

Table 1 describes the basis for the levy costs in accordance with previous practice and indicates the changes from the levy collected in 2007.

Table 1: Levy Calculation

	Licence Component	Day Component	2008 levy	2007 levy	Increase / (Decrease)
Logbook data – AFMA		\$18,805	\$18,805	\$34,694	(15,889)
Other logbook - AFMA	\$39,045		\$39,045	\$29,610	\$9,435
Surveillance					
- QB&FP	\$31,168	\$31,168	\$62,336	\$57,271	\$5,065
- AFMA	\$2,917	\$2,916	\$5,833	\$11,143	(\$5,310)
Administration and Licensing					
- AFMA	\$191,988	\$127,992	\$319,980	\$351,344	(\$31,363)
- QDPI&F	\$63,731	\$42,488	\$106,219	\$101,127	\$5,092
Levy relief	(\$125,000)	(\$125,000)	(\$250,000)	(\$250,000)	\$0
Surplus	(\$33,856)	(\$30,520)	(\$64,376)	(\$27,519)	\$36,857
Total levy base	\$169,993	\$67,849	\$237,842	\$307,670	(\$69,828)

This equates to a levy of \$2,786.77 for each of the 61 licence holders and \$9.88 for each of the 6,867 days issued in the fishery.

Based on a forecast gross value of production (GVP) for 2007/08 of approximately \$15 million, the levy budget represents 1.59% of GVP. This ratio is less than most Commonwealth fisheries in the past (2005/2006 financial year) such as the Northern Prawn Fishery (NPF) at 3% GVP, the South East Trawl (SET) Fishery at 5.35% GVP and the Western Trawl fishery at 9% GVP. In addition, it is noteworthy that the NPF and SET fisheries are approximately 5 and 3 times the value of the Torres Strait Fishery and have considerable economies of scale.

The only item that shows an increase in costs is the “Other logbook” item. The increased costs associated with this item are a result of an increase in staff salaries and associated costs.

There has been an increase in some of the AFMA components of the “Administration and Licensing” item; however these increases have been absorbed by decreases to other components of this item. The components of this item that have increased are the legal costs and observer program. The legal costs have increased to account for

anticipated costs associated with the implementation of a management plan within the fishery in 2007/2008. The increase to the observer program costs are due to increased at-sea and travel allowances for observers. A total of 180 observer sea days have been budgeted for the 2008 season, which is the same as the previous year. The observer program is a requirement arising from the strategic assessment of the fishery by the Department of Environment and Water Resources.

The increase in QB&FP and QDPI&F costs are due to an increase in the operational costs of running patrol vessels, a minor increase in salaries and associated costs in line with enterprise bargaining agreements and a small increase in the travel budget for Queensland Government staff to attend meetings in regard to the fishery.

Following the removal of 16 licences from the fishery, the Australian Government agreed to provide \$250,000 per year in levy relief for the 2006/2007 and 2007/2008 financial years. The \$250,000 levy relief has been incorporated into the levy calculations.

A letter dated XX December 2008 was sent to the Torres Strait Prawn Entitlement Holder's Association, the Queensland Seafood Industry Association and all licence holders notifying them that the license levy would be \$2,786.77 and that the levy per authorised fishing day would be \$9.88.

The Office of Best Practice Regulation has determined that a Regulation Impact Statement is not required for the proposed Regulations (ID9386).

The PZJA is not an agency to which the Commonwealth Cost Recovery Policy applies and, accordingly, a Cost Recovery Impact Statement is not required for the Regulation.

Details of the Regulation, which commenced on the day after they were registered on the Federal Register of Legislative Instruments, are set out below.

**Regulation 1** provides for the Regulations to be cited as *Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2006 (No. )*.

**Regulation 2** provides that the Regulations commence on the day after they are registered on the Federal Register of Legislative Instruments.

**Regulation 3** provides that Schedule 1 amends the Principal Regulations.

**Schedule 1 Item 1** amends regulation 4 of the Principal Regulations to change the amount of levy imposed.

<b>TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE</b>	<b>Meeting No. 5 4-5 December, 2007</b>
<b>Finance: Research levies</b>	Agenda Item No. 4.2

## **RECOMMENDATION**

4.2.1 The TSPMAC **NOTES** the information provided on fisheries research levies.

4.2.2 The TSPMAC **AGREES** that PZJA agencies are to provide an options paper for TSPMAC consideration in 2008.

## **BACKGROUND**

Fisheries and other marine related research are critical components of best practice fisheries management, particularly when industry and managers are aiming to optimize economic efficiency while maintaining an environmentally sustainable fishery.

In 2008, the Torres Strait Scientific Advisory Committee (TSSAC) will be reestablished after a 1.5 year hiatus. The TSSAC will consist of eleven members with a range of expertise that will provide advice to the government agencies of the Torres Strait Protected Zone Joint Authority (PZJA) on strategic directions and priorities for research relevant to fisheries in the Torres Strait. The committee may also review final research reports to ensure that the research outcomes are relevant and represent good value for money. Information from the TSSAC will also be communicated to the Torres Strait Fisheries Management Advisory Committee (TSFMAC) and the Torres Strait Prawn Management Advisory Committee (TSPMAC).

Historically, funding for research in the TSPF has come directly from the PJZA agencies. For example, in the 2006-07 budget package \$1.5 million dollars was provided to support the TSPF (\$500,000 in levy relief and \$1 million for research). The \$1 million was to be used for research over the following three years to support the development of management arrangements. The research funding is due to expire at the end of the 08/09 financial year. Following this, funding to the TSPF may be limited, emphasising the need to consider a research levy for funding purposes.

## **DISCUSSION**

Research in a number of fisheries worldwide is at least partly funded by industry through a research levy. A combination of Government and industry funding helps to strengthen fisheries research, enhances potential development and innovation within the fishery and promotes industry's interests in fisheries research. The following are examples of how industry funded research levies have been used to assist managers and optimise efficient and sustainable harvests.

In Norway, the Fisheries and Aquaculture Industry Research Fund (FHF) is financed by a research levy of 0.3% of the value of exports of fish and fish products. Other fisheries such as the Alaskan Pollock fishery have a self imposed research levy and provide additional voluntary research funding.

New Zealand managers apportion research costs between industry and Government depending on the class of research. For example, research (excluding benthic species) aimed at mitigating the effects of fishing on the aquatic environment or biodiversity is

100% industry funded. Benthic species research is one third industry funded and research relating to protected species where effects of human intervention are unknown is 50% industry funded. Stock assessment research for non-quota species is usually undertaken for a number of species in unison. Research costs associated with non-quota species are divided between species based on species specific benefits, and is subsequently charged/levied to relevant industry members.

In Australia's commonwealth managed fisheries, fisheries research proposals are generally administered by the Fisheries Research and Development Corporation (FRDC) that is supported by a 0.25% of GVP industry research levy, matched by government 3:1.

The specific research projects selected by FRDC are then jointly funded by industry and Government. The division of expenses are divided between the two groups depending on the following categories:

**1. Broader marine research:** broader marine research in Australia is 75% Government and 25% industry funded through the levy base. Broader marine research includes; research into fisheries that are declared collapsed (i.e. fisheries who's target species are listed in the *EPBC Act 1999* as being critically endangered, endangered or vulnerable); research which provides spill over benefits to resource user groups other than commercial fishers including research into sharing marine resources between commercial and recreational or traditional fishers; research to assess the impacts of commercial fisheries and Australian Government policies, programs or initiatives that are not primarily related to fisheries management e.g. research into impacts of commercial fisheries on marine plans, marine protected areas, species recovery plans etc; and research that facilitates assessment or monitoring of populations of protected species or important non-commercial bycatch where there are significant sources of threat.

**2. Fisheries management research includes** research directly related to the management of a fishery, and would not need to take place if the fishery was not in existence. Fisheries management research is eligible for 20% Government funding, the other 80% is funded by industry through the levy base. The majority of Australian fisheries research falls into this category.

FRDC have access to limited Government funding each year for all research projects. As a result, not all projects are accepted despite their potential relevance. Projects for fisheries with current pressing issues are frequently favoured.

Research costs vary greatly between years and fisheries depending on their size and research needs (Table 1).

**Table 1.** Industry and Government contribution to total research costs for the South East Trawl and Northern Prawn Fisheries for 05/06 and 06/07 financial years.

Fishery and year	Industry cost	Government cost	total	Estimated GVP
Northern Prawn 06/07	\$1,037,038	\$829,630	\$207,408	\$ 64 m
Northern Prawn 05/06	\$776,000	\$620,801	\$155,200	\$ 73 m
South East Trawl 06/07	\$824,374	\$659,499	\$164,875	2003/04 = ~54 m
South East Trawl 05/06	\$660,572	\$165,143	\$825,715	2003/04 = ~54 m