

TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE	Out of session Meeting 25 July 2011
FINANCES 2011/2012 Draft budget for the Torres Strait Prawn Fishery and PNG days	Agenda Item 1 FOR NOTING

RECOMMENDATION

5.1.1 That the TSPMAC **NOTES** the draft 2011/12 budget (Attachment A and B) for the TSPF which is based on the PZJA approved cost recovery framework (AFMA's 2004 Cost Recovery Impact Statement (CRIS)).

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 licensing functions.

The PZJA agreed at its 8th 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 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 2012 season.

AFMA 2011/2012 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 the 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.*

As the CRIS could not be applied to the AFMA and QLD budget, it was agreed that the TSPMAC should remain under CRIS 2004.

DISCUSSION

AFMA 2011/12 budget for the TSPF using CRIS 2004

Attachments A and B provides the draft 2011/12 AFMA budget for the TSPF in isolation and in comparison to the previous years (2010/11) AFMA budget.

The total draft AFMA budget for the TSPF for 2011/12 is \$277,518. The industry funded portion of this is \$257,100 compared to \$285,430 in 2010/11. This represents an industry saving of \$28,330.

Table 1. Total AFMA budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	18,019	20,418	2,399
Industry	285,430	257,100	(28,330)
Total	303,448	277,518	(25,930)

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

Decreases to the budget have occurred in the following areas:

Observers

The same number of observer days that were budgeted for in the 2010/11 financial year have been budgeted for the 2011/12 financial year. The minor change in expenses is attributed to the way overheads are allocated to this budget item.

Table 2. Observer budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	13,951	13,221	(730)
Industry	55,806	52,883	(3,102)
Total	69,757	66,104	(3,653)

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.

Table 3. Logbook and data entry budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	0	0	0
Industry	10,248	9,385	(863)
Total	10,248	9,385	(863)

Consultancy and contractors

This budget item has had a \$1,707 decrease. This is a result of fewer TSPMAC sitting days being budgeted for members.

Table 4. Consultancy and contractors budget (Chair and Industry sitting fees) for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	0	0	0
Industry	8,094	6,387	(1,707)
Total	8,094	6,387	(1,707)

Data management

According to current cost recovery policy, 100% of the data management budget is recoverable from industry. For the 2011/12 budget, the Data Management costs will continue to be charged to fisheries based on actual usage. Although a specific amount will be budgeted for in each fisheries budget, 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. The

decrease for the 2011/12 financial year is a result of actual usage of the data management section by the TSPF being lower than was initially estimated. Usage has ranged from 3% to 1%. The projected figure for 2011-2012 is 2.2%, which is lower than last year as usage has declined.

Table 5. Data management budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	0	0	0
Industry	17,065	11,130	(5,935)
Total	17,065	11,130	(5,935)

Increases to the budget have occurred in the following areas:

Research projects

The research projects budget item funds a number of research projects that broadly relates to Commonwealth fisheries (Ecosystem Based Fisheries Management; EBFM) and are thus costed across fisheries depending on the proportion of management levies for each fishery. The TSPF portion is \$8,580, with 75% being funded by Government, and \$2,145 being cost recovered from industry.

Research administration

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 \$1017, with \$254 being cost recovered from industry.

Travel costs

There has been a minor increase (\$1696) to travel costs associated with flights and accommodation expenses. These increases are in line with general increases to the costs of these resources, as well as flights being budgeted for port meetings regarding future management arrangements for the TSPF in 2011.

Table 6. Travel budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Difference increase/(decrease)
Government	0	0	0
Industry	17,094	18,790	1,696
Total	17,094	18,790	1,696

Overheads

Overheads have increased this year by \$4,686 in the TSPF. AFMA Overhead budgets in aggregate have not increased in 2011/12, however there has been a reduction in the number of staff funded by government appropriation. As a result, cost recovered areas now represent a larger proportion of AFMA's total budget and therefore generally bear a larger share of these costs.

Whilst the aggregate overhead budgets have not changed, budgets for each overhead type have varied according to the nature of their component costs, and associated allocation principles.

- Changes in Type A allocations have been affected by increases expected in staffing costs in type A overhead cost centres, and reductions in the government funded policy support activities;
- Changes in Type B allocations (which are based on Full Time Equivalent staff engaged in managing the fishery) have been affected by cost increases expected in staffing costs, offset by efficiencies achieved. A reduction in Foreign Compliance budgets and staffing has also had an impact, resulting in increased dollar allocations per FTE engaged in fishery management activities;
- Changes in Type C allocations (which are based on Canberra-based FTE engaged in Fishery Management) broadly reflect changes in direct salary budgets, offset by efficiencies achieved;
- Changes in Type D allocations are affected by increases expected in staffing costs, and reductions in government funded policy support.

Table 7. Overhead budget for the 2011/12 financial year. The table includes the industry (levied) portion, the Government contribution, and the total budget for this item.

	2010/11	2011/12	Variance increase/(decrease)
Government	0	0	0
Industry	60,731	65,417	4,686
Total	60,731	65,417	4,686

Fisheries Queensland 2011/2012 draft budget for the TSPF

There has been an overall increase in the Fisheries Queensland budget for the 2011/12 financial year of \$889. The increase is attributed to incremental increases in salary for officers assigned with Torres Strait responsibilities.

Table 8. Fisheries Queensland 2011/2012 draft TSPF budget.

Description	2010/11	2011/12	Variance increase/(decrease)
Management	106,427	107,413	986
Compliance (QB&FP)	56,960	56,862	(98)
Total	\$ 163,387	\$164,276	889

Combined AFMA and Fisheries Queensland 2011/2012 TSPF budget for calculating the levy base

The draft levy base for the TSPF for 2011/12 using CRIS 2004 (the current cost recovery principles) is \$421,375, a decrease of \$27,441.

Table 9. Combined AFMA and Fisheries Queensland 2011/2012 TSPF budget using current cost recovery policy approved by the PZJA.

Description	2010/11	2011/12	Variance increase/(decrease)
Management (QPI&F)	106,427	107,413	986
Compliance (QB&FP)	56,960	56,862	(98)
Combined AFMA budget	303,448	277,518	(25,930)
Total budget	466,835	441,793	(25,042)
Less Government contribution	18,019	20,418	2,399
Total cost recovered budget (levy base)	448,816	421,375	(27,441)

Timing

Once AFMA budget acquittals from 2010-11 are finalised, over and/or underspends will be applied and the 2012 levy calculated. The levies will be presented to the TSPMAC and PZJA for noting following their finalisation. It is anticipated that the levies will go to the end October Executive Council meeting.