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| TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE | Meeting No. 16 23-24 June 2015 |
| FINANCE Combined AFMA and Fisheries Queensland 2015/16 draft budget | Agenda Item No. 5.1 For Noting |

RECOMMENDATION

1.1 That the TSPMAC **NOTES:**

- a) the combined AFMA and QDAFF 2015/16 draft budget for the Torres Strait Prawn Fishery (TSPF).
- b) that AFMA's portion of the draft budget is based on AFMA's 2004 Cost Recovery Impact Statement (CRIS 2004). This is not applied to the QDAFF component of the budget.

BACKGROUND

The TSPF is jointly managed between Fisheries Queensland under the Queensland Department of Agriculture Fisheries and Forestry and the Australian Fisheries Management Authority (AFMA). Each agency provides different services for managing the fishery. The functions provided by AFMA include:

- Monitor and develop management arrangements in the fishery to meet obligations under relevant legislation.
- Facilitate and coordinate consultative management processes.
- Collect and monitor scientific data relating to the condition of the fishery to support 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.

The main function of Fisheries Queensland has been to administer licensing, Vessel Monitoring System (VMS) and compliance functions. Fisheries Queensland also provide advice on policy and management of the TSPF. As discussed in paper 3.3, the licencing and VMS functions are now being taken over by AFMA. For the 2015/16 budget there will be some overlap of funds as these functions are transferred.

In October 1996, the PZJA agreed that TSPF management costs would be recovered from industry through annual levies. This was introduced over several years, with 100% recovery starting from the 1999/00 financial year. In July 2005 the PZJA also agreed that cost recovery should be based on the principles in the AFMA CRIS (2004), noting that the PZJA may choose to depart from the percentages used in the CRIS. In line with this decision, CRIS 2004 continues to be used to calculate the AFMA portion of the TSPF budget, despite a new CRIS (2009) being adopted for other AFMA managed fisheries. The QDAFF portion of the budget is exempt from the CRIS as it is not a Commonwealth Department.

DISCUSSION

AFMA 2015/16 budget for the TSPF

Attachment 1 provides the draft 2015/16 AFMA budget for the TSPF compared to the 2014/15 AFMA budget. Please note that there will be a minor change to the observer budget, because the budget is currently missing the 20% government contribution. The total observer cost shouldn't change too significantly.

The total AFMA TSPF budget for 2015/16 is **\$287,651**, an increase of **\$5,159** from 2014/15 (Table 1). The industry cost recovered portion of this budget is \$268,366, an increase of \$5,911 when compared to the 2014/15 budget (\$262,455). The increase is attributable to AFMA taking on licensing and compliance functions from QDAFF (\$27,500 total budget). There was a decrease in the AFMA budget from last year before these new budget items were added (decrease would have been \$22,341).

Table 1. Comparison of 2014/15 and 2015/16 total AFMA budget for the TSPF

| | 2014/15 | 2015/16 | Difference |
|--------------|------------------|------------------|----------------|
| Industry | \$263,455 | \$268,366 | \$5,911 |
| Gov't | \$20,037 | \$19,285 | \$5,143 |
| Total | \$282,492 | \$287,651 | \$5,159 |

1. Salaries

There is **\$76,227** budgeted for AFMA salaries in 2015/16, a decrease of \$9,187 from 2014/15 (\$85,414). There have been no changes to staff time allocated to the TSPF compared to the 2014/15 budget. There are no currently agreed salary increases for 2015/16 onwards until a new Enterprise Agreement can be negotiated. It is anticipated that it will occur during the 2015/16 financial year and the impacts of a 2 percent increase have been incorporated into the 2015/16 draft budget.

Table 2. Comparison of 2014/15 and 2015/16 AFMA salaries budget for the TSPF

| AFMA Salaries Budget | |
|---|----------------|
| Total salaries expenditure budgeted 2014/15 | \$85,414 |
| Total salaries expenditure budgeted 2015/16 | \$76,227 |
| This is a total decrease of | \$9,187 |

2. Consultants and Contractors

The 2015/16 budget for consultants and contractors is \$26,892, a \$6,109 increase from the 2014/15 budget (\$20,783). This budget covers the sitting fees for the TSPMAC Chair and industry members to attend one two day meeting and a single one day meeting. The increase is due to \$10 000 being put in the budget for the changes to the management plan. It is possible this work will be done in house which will reduce the costs.

Table 3. Comparison of 2014/15 and 2015/16 consultants budget for the TSPF

| Consultants budget | |
|--|----------------|
| Total consultants expenditure budgeted 2014/15 | \$20,783 |
| Total consultants expenditure budgeted 2015/16 | \$26,892 |
| This is a total increase of | \$6,109 |

3. Travel

The total travel budget for 2014/15 is **\$11,572**, a \$7,839 decrease from the 2013/14 budget.

The travel budget covers costs for travel, accommodation, food and miscellaneous costs for the TSPMAC chair, industry members and AFMA members to attend two TSPMAC meetings in Cairns.

Table 4. Comparison of 2013/14 and 2014/15 travel budget for the TSPF

| Travel budget | |
|---|-----------------|
| Total travel expenditure budgeted 2014/15 | \$19,411 |
| Total travel expenditure budgeted 2015/16 | \$11,572 |
| This is a total decrease of | -\$7,839 |

4. Other Expenses

The total other expenses budget for 2015/16 is **\$3,436**, an increase of \$1,664 from the 2014/15 budget. The cost covers the printing of the TSPF Handbook and gazettal of legislative instruments (such as the total allowable effort determination annually). The increase is to cover the cost of registering the management plan amendments on the Federal Register of Legislative Instruments.

5. Overheads

For the 2015/16 financial year the amount attributable to the TSPF for overheads is **\$60,884**, a decrease of \$15,017 from the 2014/15 budget (\$75,901).

Overheads have remained decreased by \$15,017 2014/15 and 2015/16 largely due to a decrease in the budget. The overheads have been calculated the same as for the 2014/15 budget. A full explanation is available in [Attachment 1](#)

The split between types of overheads are detailed in Table 5 below.

Table 5. AFMA overhead breakdown and change for the from 2013/14

| | AFMA overheads budget | | Difference |
|------------------|-----------------------|-----------------|------------------|
| | 2014/15 | 2015/16 | |
| Type A overheads | \$14,183 | \$12,907 | -\$1,276 |
| Type B overheads | \$35,385 | \$28,818 | -\$6,567 |
| Type C overheads | \$9,940 | \$11,198 | -1,258 |
| Type D overheads | \$8,432 | \$7,961 | -\$471 |
| Total | \$75,901 | \$60,884 | -\$15,017 |

INDIRECT COSTS

6. Bycatch

AFMA has reviewed its Bycatch and Discard Workplan and began seeking cost recovery of 50 per cent of the Bycatch Program from Industry since 2014/15 financial year. Given the importance of reducing discards and bycatch in Commonwealth fisheries, and because there are both public and private benefits in doing so, the program is funded equally by industry and government.

There are two main components to the Bycatch and Discard Program, the first is the baseline work that is undertaken for all Commonwealth managed fisheries, this

includes the development and implementation of Bycatch and Discard Workplans, undertaking the review component of the workplans in a consistent matter, assisting with Ecological Risk Management Plans and developing indicators for high risk species, and day to day work on Bycatch and Discard matters. The second component is specific projects to address key bycatch and discard concerns in a particular Commonwealth managed fishery. This component of the budget has not been fully developed to allow for industry consultation on appropriate projects for the coming financial year.

The cost recovered component for the TSPF for 2015/16 is \$7,208, an increase of \$111 from 2014/15. Costs associated with the Bycatch and Discard Program will be acquitted at the end of the financial year to reflect the actual work undertaken by the team in each fishery.

| Bycatch program budget | | | |
|------------------------|-----------------|-----------------|--------------|
| | 2014/15 | 2015/16 | Difference |
| Industry | \$7,097 | \$7,208 | \$111 |
| Govt | \$7,097 | \$7,208 | \$111 |
| Total | \$14,194 | \$14,416 | \$222 |

7. Logbooks

The 2015/16 budget for logbooks is **\$4,034** which is an increase of \$220 from the 2013/14 budget of \$3,814.

The costs under the “logbooks” item haven’t changed slightly for 2014/15 to incorporate the amortisation cost of the electronic logbook (elog) data loader. The previous “logbooks” budget formula split costs based on the predicted amount of time the logbook section spent developing, collecting and processing logbooks and logbook data for each fishery. Under this formula, the TSPF was not contributing to the amortisation of the elog loader.

The new formula requires all fisheries with the ability to utilise elogs to contribute to the amortisation costs for the loader. The “logbooks” budget is split between each fishery based on the logbook days in a particular fishery as a portion of total logbook days fished. Days for each fishery are forecast using actual logbook days¹ in the most recent full financial year.

Table 9. Breakdown of funding for Logbooks in 2014/15 compared to 2015/16

| Logbook budget | |
|--|--------------|
| Total logbook expenditure budgeted 2014/15 | \$3,814 |
| Total logbook expenditure budgeted 2015/16 | \$4,034 |
| This is a total increase of | \$220 |

8. Data Management

The total data management budget for the TSPF has decreased by \$2,008 from \$4,315 in 2014/15 to **\$2,307** in 2015/16.

Data Management costs are charged to fisheries as actual usage based on a three year rolling average. This average is updated every three months as the data management team log all data requests and other work generated by the TSPF and reconciled this three monthly.

¹ Logbook days are calculated based on each day an operator commences a fishing operation.

Table 10. Breakdown of funding for Data Management in 2014/15 compared to 2015/16

| Data Management budget | |
|--|-----------------|
| Total data management expenditure budgeted 2014/15 | \$4,315 |
| Total data management expenditure budgeted 2015/16 | \$2,307 |
| This is a total decrease of | -\$2,008 |

9. Observers

The budget for observers in 2015/16 is based on 50 sea days or 2.6% coverage of the actual predicted effort for the season (1,923 days).

The total observer budget for the TSPF is \$48,304. This figure may change as AFMA is still determining the formula for including the government contribution of 20%. An email will be sent to the TSPMAC when these figures are finalised.

Table 14. Breakdown of Industry and Government funding for observers in 2015/16 compared to 2014/15

| Observer budget | | | |
|-----------------|-----------------|-----------------|------------------|
| | 2014/15 | 2015/16 | Difference |
| Industry | \$51,758 | \$48,307 | -\$3,451 |
| Gov't | \$12,940 | \$12,077 | -\$683 |
| Total | \$64,698 | \$60,384 | - \$4,314 |

10. QDAFF 2015/2016 draft budget for the TSPF

There has been an overall decrease in the QDAFF budget for the 2015/16 financial year of \$71,439, to a total of \$89,231. This decrease is primarily attributed to transitioning licensing and VMS arrangements to AFMA.

There is only a small budget attributed to licensing in QDAFF now, which will account for time in transitioning the licensing function to AFMA. The QDAFF management budget has dropped as this accounts for previous time spent on licensing related issues. VMS has also dropped significantly as this function is in the process of transitioning to AFMA in the next 4 months (thus QDAFF has only budgeted around 3 months of costs). Additionally there has recently been a staff change which has resulted in a significant drop in salaries for the VMS functions. Compliance has also dropped due to savings in operating costs (hire of police vessel).

Because the licensing and VMS functions are being moved to AFMA, AFMA will now need to budget these costs. As such, some of the savings in the QDAFF budget (Table 15) will not be actualised as an overall saving in the budget (as shown in Table 16). The AFMA budget for these functions have been included in the pink rows of Table 15. For VMS this only includes 9 months, as 3 have been budgeted by QDAFF. Despite AFMA budgeting for the costs associated with functions being transferred, there are still savings of \$43,939 overall (including the new AFMA costs) compared to 2014/15.

Table 15. QDAFF 2015/16 draft TSPF budget.

| Description | 2014/15 | 2015/16 | Difference between 2014/15 and 2015/16 |
|-------------|----------|----------|--|
| Management | \$35,202 | \$17,733 | -\$17,469 |
| VMS (QLD) | \$42,205 | \$10,500 | -\$31,705 |

| | | | |
|-------------------------|------------------|-----------------|------------------|
| Licensing (QLD) | \$17,513 | \$2,693 | -\$14,820 |
| Compliance (QB&FP) | \$65,750 | \$58,305 | -\$7,445 |
| Total QLD budget | \$160,670 | \$89,231 | -\$71,439 |

Table 16. QDAFF 2015/16 draft TSPF budget including the new AFMA budget to cover the transferred licensing and VMS functions.

| Description | 2014/15 | 2015/16 | Difference between 2014/15 and 2015/16 |
|----------------------------------|------------------|------------------|--|
| Management | \$35,202 | \$17,733 | -\$17,469 |
| VMS (QLD) | \$42,205 | \$10,500 | -\$31,705 |
| VMS (AFMA) | \$0 | \$22,000 | \$22,000 |
| Licensing (QLD) | \$17,513 | \$2,693 | -\$14,820 |
| Licensing (AFMA) | \$0 | \$5,500 | \$5,500 |
| Compliance (QB&FP) | \$65,750 | \$58,305 | -\$7,445 |
| Total QLD budget | \$160,670 | \$89,231 | -\$71,439 |
| Total QLD and AFMA budget | \$160,670 | \$116,761 | -\$43,939 |

Draft combined AFMA and QDAFF 2015/2016 budget for calculating the levy

The draft levy base for the TSPF for 2015/16 is \$431,428, an increase of \$24,342.

Table 8. Combined AFMA and QDAFF 2014/15 and 2015/16 budget for the TSPF.

| Description | 2014/15 | 2015/16 | Difference between 2014/15 and 2015/16 |
|--|------------------|------------------|--|
| QLD Management | \$35,202 | \$17,733 | -\$17,469 |
| Compliance (QB&FP) | \$65,750 | \$58,305 | -\$7,445 |
| VMS (QLD) | \$42,205 | \$10,500 | -\$31,705 |
| Licensing (QLD) | \$17,513 | \$2,693 | -\$14,820 |
| Subtotal QLD budget | \$160,670 | \$89,231 | -\$71,439 |
| AFMA Management | \$282,492 | \$287,651 | \$5,159 |
| Licensing (AFMA) | \$0 | \$5,500 | \$5,500 |
| VMS (AFMA) | \$0 | \$22,000 | \$22,000 |
| Subtotal AFMA budget | \$282,492 | \$315,151 | \$32,659 |
| Total QLD and AFMA budget | \$443,162 | \$404,382 | -\$38,780 |
| Government Contribution | \$20,037 | \$19,285 | |
| Total levy base (deducting Govt. contributions) | \$423,125 | \$385,097 | -\$38,028 |

Timing

Comments on the preliminary draft AFMA budget were provided following the May budget teleconference. The final budget will be released and 2013/14 over or underspends will be applied and the 2015 levy calculated. The levies will be presented to the TSPMAC and PZJA for noting following their finalisation.

Australian Fisheries Management Authority
Commonwealth Fishery Budget Comparison from 2014-15 to 2015-16 Financial Year

FRTP

Torres Strait Prawn

| | Budget 2014-15 | | | Budget 2015-16 | | | Variance | | | |
|---------------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|------------------|------------|------------------|-----------------|
| | Cost Recovered | Government | Total | Cost Recovered | Government | Total | Cost Recovered | Government | Total \$ Change | Total % Change |
| Fisheries Management | | | | | | | | | | |
| Salary Costs | 85,414 | - | 85,414 | 76,227 | - | 76,227 | (9,187) | - | (9,187) | -(10.76)% |
| Consultancy & Contractors | 20,783 | - | 20,783 | 26,892 | - | 26,892 | 6,109 | - | 6,109 | 29.39% |
| Travel Costs | 19,411 | - | 19,411 | 11,572 | - | 11,572 | (7,839) | - | (7,839) | -(40.38)% |
| Other Administrative | 1,773 | - | 1,773 | 3,436 | - | 3,436 | 1,664 | - | 1,664 | 93.85% |
| Type A overheads | 14,183 | - | 14,183 | 12,907 | - | 12,907 | (1,276) | - | (1,276) | -(9.00)% |
| Type B overheads | 35,385 | - | 35,385 | 28,818 | - | 28,818 | (6,567) | - | (6,567) | -(18.56)% |
| Type C overheads | 9,940 | - | 9,940 | 11,198 | - | 11,198 | 1,258 | - | 1,258 | 12.66% |
| Type D overheads | 8,432 | - | 8,432 | 7,961 | - | 7,961 | (471) | - | (471) | -(5.59)% |
| Sub-total Fisheries Management | 195,321 | - | 195,321 | 179,011 | - | 179,011 | (16,310) | - | (16,310) | -(8.35)% |
| Indirect Costs | | | | | | | | | | |
| Management Advisory Committees | - | - | - | - | - | - | - | - | - | - |
| Logbooks | 3,814 | - | 3,814 | 4,034 | - | 4,034 | 220 | - | 220 | 5.77% |
| Data Management | 4,315 | - | 4,315 | 2,307 | - | 2,307 | (2,008) | - | (2,008) | -(46.54)% |
| Licensing & Quota Management | - | - | - | 27,500 | - | - | 27,500 | - | 27,500 | 100.00% |
| PISCES Amortisation | - | - | - | - | - | - | - | - | - | - |
| Observers | 51,908 | 12,940 | 64,848 | 48,307 | 12,077 | 60,384 | (3,601) | (863) | (4,464) | -(7.39)% |
| Compliance Data Collection | - | - | - | - | - | - | - | - | - | - |
| ByCatch | 7,097 | 7,097 | 14,194 | 7,208 | 7,208 | 14,416 | 111 | 111 | 222 | 1.56% |
| Sub-total Indirect Costs | 67,134 | 20,037 | 87,171 | 61,855 | 19,285 | 69,063 | 22,221 | 111 | 22,332 | 25.61% |
| Research | | | | | | | | | | |
| Research Projects | - | - | - | - | - | - | - | - | - | - |
| Resource Assessment Groups | - | - | - | - | - | - | - | - | - | - |
| Research Administration | - | - | - | - | - | - | - | - | - | - |
| Sub-total Research | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE | 262,455 | 20,037 | 282,492 | 268,366 | 19,285 | 287,651 | 5,911 | 111 | 6,022 | 2.13% |

| | |
|-------------------------------|-------|
| Total Cost Recovered % Change | 2.10% |
|-------------------------------|-------|