

<b>TORRES STRAIT PRAWN MANAGEMENT ADVISORY COMMITTEE</b>	<b>Out-Of-Session 7 May, 2009</b>
<b>2009/2010 Draft budget for the Torres Strait Prawn Fishery</b>	<b>Out of Session</b>

## **RECOMMENDATION**

1.1 That the TSPMAC PROVIDES ADVICE ON the draft 2009/10 budget for the TSPF.

1.2 That the TSPMAC PROVIDE ADVICE regarding suitability of applying CRIS 2009 to the Torres Strait Prawn Fishery.

## **BACKGROUND**

At the 1<sup>st</sup> meeting of the TSPMAC on 13-14 June 2006, it was agreed that AFMA and QPI&F (formally Queensland Department of Primary Industries and Fisheries) would liaise and provide an annual draft budget to the TSPMAC for comment prior to the draft budget being finalised.

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 QDPI&F and AFMA are:

- monitor and develop management arrangements in the fishery where needed to meet the obligations under relevant legislation;
- facilitate and coordinate consultative management processes;
- Facilitate the provision of sound scientific data on the condition of the fishery
- in support of the PZJA's statutory obligation to keep "constantly under
- consideration the condition of the fishery";
- Develop and implement regulations to implement the PZJA's policies; and
- monitor the fishery through compliance operations; and
- administer licensing 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.

This paper provides information on the AFMA and QPI&F portions of the budget both as separate items and as a total combined cost share budget which will be used as the basis of the levies in 2010. The AFMA portion of the budget will be submitted to the AFMA Commission for approval in early June as part of the annual financial planning cycle.

### **AFMA 2008/2009 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. The CRIS determines which functions provided by AFMA to the TSPF are paid for from Government Funding and which functions are cost recovered. AFMA's current CRIS was approved by the Commonwealth Minister in 2004 and is referred to in this paper as CRIS 2004. This year AFMA undertook a review of the CRIS 2004 as per the requirements of the Commonwealth's Guidelines. The review resulted in a revised draft CRIS which was provided for public comment from 16 January to 13 February 2009 (Attachment 1). The revised CRIS is referred to in this document as CRIS 2009. Initial comments received by AFMA on the CRIS 2004 recommended further information be provided on individual fishery budgets to the various MAC's for further discussion before the document is finalised and provided to the Commonwealth Fisheries Minister for approval. As the Chair of the PZJA, the Commonwealth Minister will be asked whether the PZJA wants to adopt the AFMA CRIS 2009 for PZJA fisheries.

A letter from the AFMA CEO, Glenn Hurry requesting comments on AFMA's overall draft 2009/10 budget and the AFMA draft TSPF budget comparing CRIS 2009 to CRIS 2004 is at Attachment 2. This was also distributed to TSPMAC members and permanent observers on 24 April 2009. Due to the proposed introduction of the CRIS 2009, AFMA has changed the format of its budget presentations compared to previous years, thus the 2009/10 budget is presented with both the CRIS 2009 and CRIS 2004 for detailed comparison and to facilitate discussion amongst the MAC.

If the CRIS 2009 is fully adopted by the PZJA the major changes to occur would be:

- a rise in observer costs from 80% to 100% Industry cost recovered (explanation at Attachment 3) ;
- an Environment cost is being 100% Industry cost recovered (explanation at Attachment 4);
- Compliance being 100% Government funded.
- Overhead costs have been changed slightly with some items being added and removed from overheads.

## **DISCUSSION**

### **AFMA 2008/2009 budget for the TSPF**

The draft AFMA 2009/10 budget for the TSPF and explanatory letter from Glenn Hurry (Attachment 2) provides the overall budget using the CRIS 2009, in comparison to the CRIS 2004 and a review of the 2008/09 budget using CRIS 2004.

The industry funded portion of the draft 2009/10 budget for AFMA using the current PZJA cost recovery decision would be \$384,365.

If the 2009 CRIS was adopted in its entirety by the PZJA, the amount to be recovered for the AFMA portion of the budget would be \$414,622.

### **Logbooks**

The logbook portion of the budget includes costs of administering logbooks including data entry, printing and associated salaries to coordinate the logbook program. The majority of the increase in this year's budget is associated with utilising more of the logbook sections time than has been allocated in the past. The 2008/09 logbook budget was \$15 358. Applying the current cost recovery principles approved by the PZJA, the 2009/10 logbook budget is \$18,807. If the 2009 CRIS was applied, the logbook budget would be \$19,419 an increase of \$4,061 from 2008/09.

### **Data Management**

The data Management budget consists of staff time spent attending to data requests for fisheries management, assessment and reporting needs. A data request register is kept and used to determine the proportions for each fishery based on hours of work. The data reporting includes data requests for MAC's, AFMA fishery managers, requests made by research organisations (i.e. QPI&F for prawn handbook data), and government departments (including environmental related requests). The generic data management services part consists of data management work such as strategic data planning and development of national data standards, the provision for contractors to undertake specialist short-term work and a small amount of operational and travel funds. A full explanation of the data management budget is at Attachment 5.

The 2008/09 data management budget was \$16,377. Applying the current cost recovery principles approved by the PZJA, the 2009/10 budget is \$12,827. If the 2009 CRIS was applied, the budget would be \$13,251 a decrease of \$3,126 from 2008/09.

The overall data management budget across the whole of AFMA has increased by 7%, however the TSPF are utilising less of the data management sections time, thus our share of the data management budget (based on the number of data requests) has decreased from 3% of total costs to 2.2%. The decrease is also associated with the cessation of particular project and consultant work that was occurring in the 2008/09 budget.

### **Observers**

The industry recovered portion of the observer budget in 2008/09 was \$118,273. Applying the current cost recovery principles approved by the PZJA, the industry recovered portion of the 2009/10 observer budget would be \$125,818. If the 2009 CRIS was applied, the budget would be \$162,049. The significant difference of \$36,231 between CRIS 2009 and CRIS 2004 is due to 100% of observer costs being recovered from industry instead of 80% using the previous recovery method.

### **Environmental Management**

The cost for environmental management for the TSPF is \$28,268 entirely recovered from the industry levy base. These services were previously funded by Government.

The Environment Section undertakes a broad range of activities on environmental issues related to and are as a result of fishing activities. These activities can be separated into four broad functional categories:

- Providing advice;
- Developing environmental policy;
- Coordinating and driving environmental initiatives;

- Monitoring progress and ensuring AFMA meets its legislative environmental requirements.

A full explanation of the Environment sections functions are at Attachment 4. The total Environmental management costs are split between fisheries based on the GVP of each fishery.

### Overheads

Overheads of \$117,370 make up the CRIS 2009 TSPF budget. This is an increase of \$48,985 from the 2008/09 budget. Overheads are based on the number of Full Time Staff Equivalent (FTE) involved in a particular group or activity. The increases to overheads are associated with general annual increases in rent and expendables and some movement of overhead apportionment between cost recovered and government funded.

### QPI&F 2009/2010 draft budget for the TSPF

There has been an overall increase in the QPI&F budget for the 2009/10 financial year of \$12,692. The majority of the budget increase can be attributed to salaries, on-costs and an increase in compliance charter costs. The upgrade of the licensing and VMS systems and associated additional training requirements also rose marginally.

As in previous years, salaries have also seen a minor increase as a result of enterprise bargaining and associated increase in payroll tax and superannuation.

The cost recovered (industry funded) portion of the QPI&F section of the 2009/10 budget using the current PZJA cost recovery decision amounts to \$186,471. If the CRIS 2009 was adopted in its entirety by the PZJA, the amount to be recovered for the QPI&F portion of the budget would be \$117,475.

### Combined AFMA and QPI&F 2009/2010 TSPF budget for calculating the levy base

The draft levy base for the TSPF for 2009/10 using the current cost recovery principles is \$539,380, an increase of \$917. If the CRIS 2009 was applied to the AFMA portion of the budget, but not the QLD portion, the budget would be \$601,092. If the CRIS 2009 principles were applied to the entire budget, it would be \$532,097, a decrease of \$6,366 from the 2008/09 budget.

**Table 1.** Combined AFMA and QPI&F 2009/2010 TSPF budget using current cost recovery policy approved by the PZJA

<b>Description</b>	<b>2009/10</b>	<b>2008/09</b>	<b>Variance</b>
Management (QPI&F)	117,475	109,579	7,896
Compliance (QB&FP)	68,995	64,200	4,795
Combined AFMA budget	384,365	398,161	-13,796
<b>Total budget</b>	<b>\$570,835</b>	<b>\$ 571,940</b>	<b>-1,105</b>
Less Government contribution	-31,455	-33,477	-2202
<b>Total cost recovered budget (levy base)</b>	<b>\$539,380</b>	<b>\$ 538,463</b>	<b>\$917</b>

**Table 2.** Combined AFMA and QPI&F 2009/2010 TSPF budget applying CRIS09 to the AFMA portion of the budget only.

<b>Description</b>	<b>2009/10</b>	<b>2008/09</b>	<b>Variance</b>
Management (QPI&F)	117,475	109,579	7,896
Compliance (QB&FP)	68,995	64,200	4,795
Combined AFMA budget	414,622	398,161	16,461
<b>Sub-Total</b>	<b>\$601,092</b>	<b>\$ 571,940</b>	<b>\$29,152</b>
Less Government contribution		-33,477	-33,477
<b>Total (levy base)</b>	<b>\$601,092</b>	<b>\$ 538,463</b>	<b>\$62,629</b>

**Table 3.** Combined AFMA and QPI&F 2009/2010 TSPF budget applying CRIS 2009 to the entire budget.

<b>Description</b>	<b>2009/10</b>	<b>2008/09</b>	<b>Variance</b>
Management (QPI&F)	117,475	109,579	7,896
Compliance (QB&FP)	68,995	64,200	4,795
Combined AFMA budget	414,622	398,161	16,461
<b>Sub-Total</b>	<b>\$601,092</b>	<b>\$ 571,940</b>	
Less expected Government contribution <sup>1</sup>	-68,995	-33,477	35,518
<b>Total (levy base)</b>	<b>\$532,097</b>	<b>\$ 538,463</b>	<b>-6,366</b>

### List of Attachments

- Attachment 1 – draft CRIS 2009 for public comment
- Attachment 2 – AFMA draft 2009/10 budget and explanation letter from Glenn Hurry
- Attachment 3 – Observer program explanation
- Attachment 4 – Environmental management explanation
- Attachment 5 – Data management explanation

<sup>1</sup> Subject to PZJA endorsement and agreement to apply the CRIS 2009 to the Torres Strait Prawn Fishery.