



Australian Government

Australian Fisheries Management Authority

## AFMA COST RECOVERY IMPACT STATEMENT 2009

(Consultation Draft – 16 January 2009)

CONSULTATION DRAFT



## COST RECOVERY IMPACT STATEMENT

In December 2002, following a Productivity Commission review, the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of Commonwealth cost recovery arrangements and promote the efficient allocation of resources.

The policy applies to all *Financial Management and Accountability Act 1997* (FMA Act) agencies and to relevant *Commonwealth Authorities and Companies Act 1997* (CAC Act) bodies. The Australian Fisheries Management Authority (AFMA), was a relevant CAC Act body until 1 July 2008 and since then as an FMA Act agency, was and is subject to the cost recovery policy, with total cost recovery receipts that exceed the threshold above which the preparation of a cost recovery impact statement is mandatory.

AFMA's most recent Cost Recovery Impact Statement (CRIS2004) was certified in February 2004 in conformity with the Cost Recovery Guidelines that applied at the time. CRIS2004 determined AFMA's cost recovery arrangements from then until now.

Agencies are required to review their cost recovery arrangements at least every five years. This document is a consultation draft and follows initial review of AFMA's current cost recovery arrangements. In accordance with the current cost recovery guidelines published in 2005, AFMA aims to consult on this draft and finalise a revised Cost Recovery Impact Statement (CRIS2009) by March 2009 ready for commencement in the 2009-10 financial year. The full review process includes.

- A **policy review** of AFMA's activities to ensure that the application of the guidelines to each activity was within the Government's policy framework for the management of Commonwealth fisheries;
- Consideration of **design and implementation issues** to ensure that the costs are recovered from the beneficiaries of AFMA's activities are recovered in the most effective and efficient manner and that any legal issues associated with the introduction of a revised cost recovery regime are addressed;
- Inclusion of a process for **ongoing monitoring** and **periodic reviews** of AFMA's costs and cost recovery arrangements; and
- Consultation with all major **stakeholders** including fishing industry representative bodies, relevant government departments and agencies and the specific groups, which include fishing industry representatives, that advise AFMA on fisheries management and research. The feedback obtained from stakeholders will be considered in the finalisation of CRIS2009 and will be summarised in the final report.

Glenn Hurry  
Chief Executive Officer

# CONTENTS

1. OVERVIEW.....	4
Purpose.....	4
Background.....	4
Australian Government Cost Recovery Policy.....	4
2. POLICY REVIEW – Analysis of AFMA’s activities.....	5
Output Group 1 Fisheries Policy and Planning.....	5
Output Group 1.1 Management of Domestic Fisheries.....	5
Activity Group 1.1.1 - Defining Standards and Developing Regulation.....	7
Activity Group 1.1.2 - Implementing standards in commercial fisheries.....	8
Activity Group 1.1.3 - Monitoring Commercial Fisheries Performance.....	9
Activity Group 1.1.4 - Implementing Standards and Assessing Performance in Traditional, Indigenous and Non-commercial Fisheries.....	9
Output Group 1.2 Management of International Fishery Obligations.....	10
Activity Group 1.2.1 - Input into defining international treaty standards and developing regulation.....	10
Output Group 1.3 Policy Support.....	11
Activity Group 1.3.1 - Policy Support.....	11
Output Group 2 Fisheries Administration.....	12
Output Group 2.1 Domestic Fisheries Compliance.....	12
Activity Group 2.1.1 - Domestic Fisheries Compliance Enforcement.....	13
Output Group 2.2 Foreign Fisheries Compliance.....	14
Activity Group 2.2.1 - Foreign Fisheries Compliance Enforcement and Outreach.....	15
Output Group 2.3 Research and Data.....	16
Activity Group 2.3.1 - Data collection and research.....	17
Activity Group 2.3.2 - Data collection on commercial fishing.....	18
Output Group 2.4 Licensing and Revenue Collection.....	19
Activity Group 2.4.1 - Licensing/Registration and Revenue Collection.....	19
3. DESIGN AND IMPLEMENTATION.....	20
Basis of Charging – Fee or Levy.....	20
Legal Requirements for Cost Recovery.....	21
International Obligations.....	21
Costs to be included in charges.....	21
2008-09 Budget Details.....	25
Summary of Expected Available Funding over the next three years.....	27
Summary of Proposed Charging Arrangements for 2009-10.....	28
4. ONGOING MONITORING.....	29
Monitoring Mechanisms.....	29
Stakeholder Consultation.....	29
Periodic Review.....	30
5. CERTIFICATION.....	30
6. COST RECOVERY LINKS.....	31
Attachment A - Schedule of Current Fees and Charges.....	32
Glossary.....	34

# 1. OVERVIEW

## Purpose

The purpose of this Cost Recovery Impact Statement (CRIS) is to transparently demonstrate compliance with the Australian Government Cost Recovery Guidelines July 2005. Agencies are required to review their cost recovery arrangements every five years. The last review was undertaken in 2004 and a full review of AFMA's cost recovery arrangements is required. This CRIS will aid in the improved understanding of the accountability and transparency of user charging at AFMA.

## Background

AFMA's management of Commonwealth fisheries covers a range of activities which are driven by AFMA's legislated functions. These activities are grouped by characteristics and objectives defined by the purpose of the activity, its beneficiaries and who creates the need for the activity.

## Australian Government Cost Recovery Policy

In December 2002 the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of its cost recovery arrangements and promote the efficient allocation of resources. Cost recovery policy is administered by the Department of Finance and Deregulation and outlined in the Australian Government Cost Recovery Guidelines of July 2005. Finance Circular 2008/08 of 26 June 2008 issued by the Department of Finance and Deregulation confirmed the cost recovery policy and provided some further guidance on the policy.

The underlying principle of the cost recovery policy is that agencies should set charges to recover all the costs of products or services where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group and where charging is consistent with Australian Government policy objectives.

The policy applies to all Financial Management and Accountability Act 1997 (FMA Act) agencies and to relevant Commonwealth Authorities and Companies Act 1997 (CAC Act) bodies that have been notified, under sections 28 or 43 of the CAC Act, to apply the cost recovery policy. These entities are collectively referred to as 'agencies' for the purposes of the guidelines. In line with the policy, individual portfolio ministers are ultimately responsible for ensuring agencies' implementation and compliance with the cost recovery guidelines.

## **2. POLICY REVIEW – Analysis of AFMA’s activities**

An analysis of the activities undertaken and services provided by AFMA was carried out to review which activities and services should be cost recovered. A summary of this analysis, including the main beneficiaries of each activity/service is shown below.

Since AFMA’s 2004 CRIS:

- The Cost Recovery Guidelines were revised in 2005 to focus on activities
- Government policy requirements, expressed in a direction to AFMA in December 2005, introduced new activities including fishery independent surveys
- The clarification of the economic efficiency objective and definition of ecologically sustainable development in AFMA’s governing legislation in 2006
- AFMA’s outcome was revised in 2008 in line with the Finance Minister’s Outcome Statement principles
- Following a business efficiency review in 2007-08, AFMA revised its organisational structure and advisory and regulatory processes.

As a result, the definition and analysis of AFMA’s activities in the 2004 CRIS no longer accurately reflect AFMA’s activities.

In this analysis, activity groupings align with AFMA’s output groups as shown in its portfolio budget statement (PBS). This provides a clearer basis for analysis than was available in the grouping made in the 2004 CRIS. One output group, Policy Support, has been added since the 2008-09 PBS. This service to government was included within functional areas in AFMA’s 2004 CRIS, resulting in those functional area costs being split between taxpayer funding and overheads on all activities.

The new activity structure for AFMA is as follows:

### **Output Group 1 Fisheries Policy and Planning**

#### **Output Group 1.1 Management of Domestic Fisheries**

Australia’s fisheries resources are community-owned. AFMA is responsible for the day-to-day management of Commonwealth fisheries resources within the Australian Fishing Zone (AFZ) and regulating the commercial exploitation of those resources. AFMA is also responsible for managing Australian commercial fisheries extending onto the high seas, and for managing Australian-flagged fishing vessels and Australian nationals on foreign fishing vessels operating in waters beyond national jurisdictions.

Under arrangements, given Constitutional force by the Seas and Submerged Lands Act 1973 and the Coastal Waters Acts of 1980, Commonwealth fisheries are nominally those fisheries located in waters from 3 nautical miles to 200 nautical miles from the coastline of

Australia, and in the waters off Australian external territories. State and Northern Territory governments nominally manage Australian fisheries inside 3 nautical miles. Under these arrangements, there are eight independent fisheries management agencies in Australia.

Offshore Constitutional Settlements redistribute responsibility for marine fisheries, with the aim of rationalising management responsibility for species that range across nominal State and Commonwealth boundaries.<sup>1</sup> The effectiveness of this rationalisation is mixed – in some cases introducing new and equally arbitrary boundaries. The Commonwealth and State Governments have also agreed that day to day management of recreational and charter fisheries will reside with the states and Northern Territory.

The result is a complex and often inconsistent set of State and Commonwealth fisheries management, research and compliance measures and requirements. State and Territory governments do not operate under the same cost recovery guidelines or policy settings. Some State jurisdictions do not cost recover at all and others do so only partially for selected fisheries. This can mean that fishers face different management regimes and costs (and competitive pressures) in the course of conducting what is, for them, essentially the one business activity.

The Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) is the agency responsible for negotiating Offshore Constitutional Settlements with the states and Northern Territory regarding fishing. AFMA supports DAFF in this work and is then responsible for managing Commonwealth commercial fisheries in what is an imperfect governance and stewardship regime that produces substantial sustainability and economic challenges.

There are other policy-based constraints on the extent of AFMA's fisheries management role, which have implications for AFMA's cost recovery arrangements.

AFMA issues fishing concessions and foreign fishing licenses for commercial fishing only. It also issues port permits for foreign commercial fishing vessels and scientific permits to a variety of users. Commercial fishers do not have exclusive access to (or benefit, to the exclusion of others, from) fishing in the areas in which they fish (that is to say, in the terms of the guidelines, they do not necessarily hold exclusive rights or privileges).<sup>2</sup> The fisheries themselves are often shared with recreational and charter fishers and State-managed commercial fisheries and, in some cases, with other countries. Recreational and charter fishing and many State fisheries do not have Individual Transferable Quotas, catch monitoring or effective enforcement. These weaker management arrangements act to reduce the benefits to commercial licensed Commonwealth fishers arising from AFMA's management activities. Illegal foreign fishing in the AFZ also depletes fish stocks and

---

<sup>1</sup> Fisheries management (or other related activities) involving intra- or inter-government arrangements are outside the scope of the Government's cost recovery policy and will be excluded from the CRIS in accordance with the Guidelines.

<sup>2</sup> The fishing concessions held by Commonwealth managed fishers are, in effect, non-exclusive rights to a *part* of a fish stock to which others (including non-Commonwealth managed fishers) also have access. Moreover, those rights may be (and often are) constrained by restrictions on whether, where and how they may be exercised. For example, a fishery may be closed, or subject to other significant constraints on the exercise of fishing rights.

harms other marine resources and the marine environment to the detriment of the Australian community and domestic fishers from whom other costs are being recovered. Commonwealth commercial fishers are also directly affected by other uses of the Australian Fishing Zone, including marine protected areas, oil and gas exploration and production, marine transport and telecommunications, each excluding or restricting fishers' access to substantial areas.

Charter operators, in providing a service to recreational fishers, also target Commonwealth fish stocks, such as valuable tuna and billfish species. Under current government policy, they benefit from the spillover effects of AFMA's fisheries management and research activities – and from other forms of government support such as the diesel fuel rebate and various taxation arrangements similar to the commercial fishing sector – yet do not contribute to AFMA's management costs through the cost recovery system. By Commonwealth-State agreement, charter operators and recreational fishers are regulated by the states and Northern Territory.

#### Activity Group 1.1.1 - Defining Standards and Developing Regulation

Beneficiary: Commercial Industry

Cost of Activity: \$1.900m

Charge: Levy

#### Description of Activity

This activity group involves consultation and negotiation with all community sectors with a legitimate interest in Commonwealth fisheries. These sectors include recreational, charter, state, indigenous fishers, and, represented by the Australian Government, the community at large as consumers of fisheries products. The activity group includes:

- Analysing ecological risk assessments for species and ecosystems
- Defining Harvest strategies
- Developing stock rebuilding strategies and plans
- Setting environmental standards for fishing activities
- Direct public consultation on the development and amendment of fishery management plans.

The primary means of consulting and analyzing all sectors' stakeholder advice is through statutory Management Advisory Committees which are responsible for providing advice on matters regarding individual fisheries or groups of fisheries.

Within this activity group, community input is analysed by fisheries managers within AFMA and decisions setting standards, regulations, Fishery Management Plans and administrative policies are made by the AFMA Commission, often in conjunction with the broader government through the relevant portfolio departments and ministers.

Who should pay

*The need to manage commercial fishing activities is created by those activities. There are no policy impediments to charging for these activities and the firms and groups involved are readily identifiable. The beneficiaries are all concession holders in each fishery, rather than individual firms, and the cost of the activity group should be recovered by fishery-based levy.*

Activity Group 1.1.2 - Implementing standards in commercial fisheries

Beneficiary: Commercial Industry

Cost of Activity: \$3.600m

Charge: Levy

Description of Activity

This activity group involves consulting with commercial fishing industry sectors and their representative bodies, and then implementing specific management measures that meet the regulations, standards or limits defined in activity group 1.1.1, and where relevant activity group 1.2.1. The measures include fishery catch targets to maximise economic returns to the commercial industry, directions, determinations and conditions on fishing concessions controlling specific fishing activities and catch levels. The activities include:

- Implementing management responses to ecological risk assessments
- Implementing Harvest strategies
- Implementing stock rebuilding strategies and plans
- Implementing environmental standards for fishing activities.

Who should pay

*These activities primarily benefit the commercial fishing industry by setting management arrangements aimed at maximizing industry returns over time and ensuring the industry's reputation is not damaged by inadequate regulation. The wider community, including the recreational, charter and state fishing sectors also benefit from a well regulated industry that has competing or complementary access to the fisheries resource.*

*However, the need to manage commercial fishing activities is created by those activities. There are no policy impediments to charging for these activities and the firms and groups involved are readily identifiable. The beneficiaries are all concession holders in each fishery, rather than individual firms, and the cost of the activity group should be recovered by fishery-based levy.*



### Activity Group 1.1.3 - Monitoring Commercial Fisheries Performance

Beneficiary: Commercial Industry

Cost of Activity: \$0.632m

Charge: Levy

#### Description of Activity

This is an information activity group that includes analysis and related activities for:

- assessing the bio-economic performance of Commonwealth commercial fisheries
- assessing Commonwealth fisheries under the *Environment Protection and Biodiversity Conservation Act 1999*.

#### Who should pay

*The assessment of the bio-economic performance of each fishery contributes to the pursuit of AFMA's objective to maximize the net economic benefit to the Australian community of AFMA's management of fisheries resources.*

*All Commonwealth fisheries must be assessed against the requirements of the Environment Protection and Biodiversity Conservation Act 1999. Assessments provide assurance that Commonwealth commercial fisheries, and trade in this wildlife, are sustainably managed with respect to the marine environment and biodiversity.*

*The commercial fishing industry sector operating in each assessed fishery creates the need for this activity group, and, through resulting approvals, exemptions and economic performance, is the primary beneficiary. The activity group applies to the fishery, rather than individual fishing businesses, and meets the guide's test for incremental cost recovery through fishery-based levies of any additional data collection and the analysis involved.*

### Activity Group 1.1.4 - Implementing Standards and Assessing Performance in Traditional, Indigenous and Non-commercial Fisheries

Beneficiary: Community

Cost of Activity: \$2.060m

Charge: Taxpayer funding

#### Description of Activity

This activity group involves consulting with traditional, indigenous or non-commercial fishing sectors with primary, major or exclusive access to specific marine living resources or fisheries, and their representative bodies, and then implementing specific management measures which meet the regulations, standards or limits defined in activity group 1.1.1 or 1.2.1 and 1.2.2. The aim of regulation, such as measures implemented under the *Torres Strait Fisheries Act 1984* is to sustainably maximize the social, cultural or economic benefits to the groups involved. The measures include fishery catch targets, directions,

determinations and, where relevant, conditions on fishing concessions controlling specific fishing activities and catch levels.

Who should pay

*The traditional, indigenous or non-commercial beneficiaries who create the need for this activity group are not subject to cost recovery. Either Australian Government policy determines that costs will not be recovered, such as in the case of Torres Strait indigenous fisheries, or the participants do not hold Commonwealth fishing concessions against which fees and levies can be charged under existing Commonwealth law. The Norfolk Island traditional inshore fishery is an example of the latter, where management of the fishery on a commercial basis is neither efficient nor practical, but continuation of the fishery has wider social, health and economic value for the island's community. This activity group should therefore be taxpayer funded.*

## **Output Group 1.2 Management of International Fishery Obligations**

### **Activity Group 1.2.1 - Input into defining international treaty standards and developing regulation**

Beneficiary: Community      Cost of Activity: \$0.542m      Charge: Taxpayer funding

Description of Activity

AFMA provides input to the Australian Government's position in international fisheries forums, including regional fisheries management organisations, bi-lateral and other multi-lateral agreements and bodies. This input includes technical advice and research supporting government policy and statute leading to the sustainable management of straddling and highly migratory fish stocks. These activities directly benefit the Australian and international community.

AFMA provides input to the development of primary legislation, and develops subordinate legislation to implement international treaties and agreements, including standards set by regional fisheries management organisations.

This activity group includes reporting to regional fisheries management organisations on catch levels, fishing operations and compliance with international treaty obligations.

(Note: The implementation of those regulations within Commonwealth commercial fisheries is included in Activity Group 1.1.2.)

Who should pay

*This activity group is a service to the Australian Government, and through it the international community, and should therefore be taxpayer funded. The development of legislation and legislative instruments, and reporting fulfil the Australian Government's international treaty obligations. Under the guidelines, these policy and parliamentary servicing activities, including compliance with international treaties, should be taxpayer funded and not cost-recovered through fees or levies.*

## **Output Group 1.3 Policy Support**

### **Activity Group 1.3.1 - Policy Support**

Beneficiary: Community

Cost of Activity: \$1.200m

Charge: Taxpayer funding

Description of Activity

The activity includes policy advice and support to the parliament and ministers and to relevant government departments and agencies, including answering ministerial and parliamentary questions, researching, planning and advising on proposals for changes to legislation, regulations, whole of government programs, Commonwealth-State and international fisheries arrangements, and preparing budget and related documents and reports.

This activity involves AFMA senior management, and the public policy advising and budget and statutory reporting review activities of the AFMA Commission.

AFMA is also closely involved in providing broad policy support and information to a range of other government departments and agencies – such as the BRS, ABARE, DAFF, DEWHA and the agencies participating in the Border Protection Command, much of which is not of direct benefit to the fishing industry. These activities are also included under this Output.

Who should pay

*Generally the support of public policy and legislation benefits the community at large. Under the guidelines these policy and parliamentary servicing activities should be taxpayer funded and not recovered through fees or levies.*

## Output Group 2 Fisheries Administration

### Output Group 2.1 Domestic Fisheries Compliance

Contemporary regulatory practice distinguishes activities that promote voluntary compliance, where individuals, firms and groups “buy in” to the arrangements on the basis of informed self-interest, and deterrence, involving enforcement activities directed at illegal activities of those who do not “buy-in” to the voluntary compliance regime.

In Australian fisheries, this model is incorporated into the *Australian Fisheries National Compliance Strategy, 2005-2010*, developed and published by Australia’s National Fisheries Compliance Committee (NFCC), comprising senior fisheries compliance managers from the Commonwealth and States/Territories, and endorsed by the Natural Resource Management Committee of Commonwealth and State/Territory Ministers. AFMA’s regulatory activities are modeled on this basis.

Most of AFMA’s activities contribute to voluntary compliance by regulating, collecting biological and economic data, monitoring fishing activities and assessing fisheries performance to ensure Commonwealth fisheries are sustainable, and in contributing to policies that balance competing sectoral interests in Australia’s marine living resources.

However, the scope for non-compliance in fisheries is broad. Fishing takes place at sea, in relatively isolated areas out of public gaze, where “policing” in a more conventional form, supported and informed by members of the public, is usually impossible and where weather, distance and other conditions intrinsic to fishing can hinder investigation and apprehension. In addition, the non-exclusive nature of commercial fishers’ access rights, inefficient jurisdictional arrangements, and competing access to the resource by other sectors and the effectiveness of the regulation of those sectors, can negatively affect some fishers’ sense of ownership of and commitment to the regulatory regime. There is also increasing evidence of organised criminal activity in fishing (eg: Australian Institute of Criminology, *A national study into crime in the Australian fishing industry*, rpp no.76, 2007).

## Activity Group 2.1.1 - Domestic Fisheries Compliance Enforcement

Beneficiary: Community

Cost of Activity: \$4.689m

Charge: Taxpayer funding

### Description of Activity

This activity group is directed at monitoring commercial fishers' compliance with fisheries regulations. It includes:

- collecting and assessing data on compliance with quota limits
- monitoring vessel's locations and activities for the purposes of managing each Commonwealth fishery.

This activity group is an essential component of compliance along with voluntary compliance. Together with activity groups 1.1.2, 1.1.3, 2.3.1 and 2.3.2, this activity supports voluntary compliance.

This activity group also comprises compliance risk assessment, investigation and enforcement. It also incorporates, with respect to fisheries compliance, cooperation, consultation and exchange of information with state, Northern Territory and overseas bodies having similar functions to AFMA.

To date, AFMA's domestic compliance has relied for around 50% of its budgeted activities on the contracted provision of compliance services (including staff, boats and other capital items) by State/NT fisheries and/or police agencies. It has also involved the allocation of activities and costs across all Commonwealth managed fisheries to avoid cross-subsidisation that could otherwise result from cost recovery of these activities. These arrangements are relatively inflexible once annual allocations of funding and service level agreements are made with the state agencies. This inflexibility has generally been at the expense of a more effective risk-minimisation approach to compliance.

Accordingly, from 2009-10, AFMA will implement a centralised, strategic model of domestic fisheries compliance enforcement more consistent with contemporary regulatory best practice. This will allow AFMA to more efficiently identify and more flexibly and effectively address high risk areas of non-compliance.

In reviewing cost recovery for domestic compliance, where the over-riding priority is to achieve optimal levels of compliance and fishery sustainability, care must be taken to ensure that unintentionally perverse outcomes, inconsistent with compliance objectives, are avoided.

### Who should pay

*In accordance with the guidelines, the policy goals of domestic compliance enforcement are not consistent with recovering costs from fisheries for several reasons.*

- *Past cost-recovery has led to inflexible and inefficient compliance enforcement arrangements.*
- *There is an element of “paying twice” in cost recovering activities promoting voluntary compliance if enforcement activities are then also cost recovered.*
- *The benefits of enforcement are shared between the community, recreational, charter and non-commercial fishers – by protecting the community-owned resource – and the Commonwealth commercial fishing industry in protecting the potential value of their access rights.*
- *The need for enforcement activities is created by the people who contravene the law and are subject to legal penalties.*

*The beneficiaries of monitoring activities are the wider community, including the recreational, charter and state fishing sectors and the commercial fishing industry. Charging for enforcement activities will not be efficient or cost effective. The activities in this group contribute to compliance and the orderly management of the fishery as a whole. The charging of fees to individual firms may alter fishers’ behaviours or provide information on monitoring levels inconsistent with the objectives of these activities.*

*It is not feasible to define a boundary between the costs associated with specific cases that are proven and result in prosecution or administrative penalty and those that do not. If it were possible to charge individual firms, to do so would lead to partial cost recovery of the activity group. Cost recovery is not possible in cases where the people concerned do not hold Commonwealth fishing concessions against which fees or levies can be charged. The groups benefiting from or creating the need for the activity group cannot be consistently charged, and therefore the activities should be taxpayer funded.*

*Note: Additional monitoring for non-fisheries purposes allowed by the Fisheries Management Act 1991, including Customs, border protection and Marine Protected Areas, are intra-government services and outside the scope of the cost recovery policy. The additional incremental costs of these monitoring services should be taxpayer funded or subject to inter-agency charging.*

## **Output Group 2.2 Foreign Fisheries Compliance**

AFMA’s role in managing foreign fisheries compliance is an integral part of the Australian Government’s border protection effort. By its nature, AFMA’s foreign fisheries compliance function is directed to stopping illegal, unreported and unregulated fishing activity in the Australian Fishing Zone on behalf of the Australian community. In some cases the Commonwealth commercial fishing industry is a major beneficiary of the activity, such as in Southern Ocean fisheries. In other cases state fisheries or the community, with respect to environment protection and biodiversity conservation or protection from invasive pest species are the primary beneficiaries. The northern regions of Western Australia, Queensland and the Northern Territory are particularly vulnerable. In all aspects, the

activities under this output are directed at protecting Australian sovereignty, protecting Australia's marine and terrestrial ecosystems and fulfilling Australia's obligations under international agreements and institutions such as the Commission for the Conservation of Antarctic Marine Living Resources.

#### Activity Group 2.2.1 - Foreign Fisheries Compliance Enforcement and Outreach

Beneficiary: Community

Cost of Activity: \$20.177m

Charge: Taxpayer funding

##### Description of Activity

Foreign fisheries compliance enforcement and outreach activities are undertaken by several Commonwealth, State/Territory and international agencies, including AFMA. The objective is to prevent, deter and eliminate illegal, unreported and unregulated (IUU) fishing by foreign owned and/or flagged vessels anywhere in the Australian Fishing Zone (AFZ).<sup>3</sup> The provision by the Government of significant additional taxpayer funding for foreign fisheries compliance in recent years, to AFMA and other participating authorities, is indicative of the importance of this activity to the Australian community.

Agencies engaged in policy development and implementation relevant to this output include, in addition to AFMA, State/Territory fisheries and law enforcement authorities, and Commonwealth departments and authorities responsible for customs, border protection, defence, foreign affairs, quarantine, immigration and law enforcement.

AFMA's activities within this activity group include close liaison and cooperation between relevant authorities in Australia and in Indonesia, Papua New Guinea and East Timor. These activities extend to multi-lateral forums including regional fisheries management organisations and monitoring, control and surveillance networks, as well as bilaterally with the 'nearby' countries of France, New Zealand and South Africa and the flag states of the IUU fishing vessels apprehended in Australian waters.

Activities specific to AFMA in managing foreign fisheries compliance include the coordination and management of the deterrence and apprehension of illegal foreign fishers through surveillance and at-sea patrols. IUU fishing in the AFZ involves offences under the *Fisheries Management Act 1991*, for which AFMA has the primary legislative and administrative responsibility. AFMA officers also lead IUU fishing investigations, provide evidence, prosecution briefs and advice in all prosecutions and are responsible for the disposal of illegal foreign fishing vessels forfeited to the Commonwealth.

---

<sup>3</sup> Recent developments in the delineation of Australia's "extended" continental shelf (to beyond 200 nm) have, potentially, implications for foreign fisheries compliance in relation to the conservation and management of the benthic species on the (extended) sea bed. Whether and how this might affect future foreign fisheries compliance arrangements and costs will need to be kept under review and, if necessary, reflected in revisions of AFMA's CRIS and future budget requirements.

AFMA also commissions research and investigations aimed at improving knowledge about the ecological and economic impacts of IUU fishing, for example, the damage to shark stocks from illegal shark finning, and the operation of the criminal networks through which shark fins and other products are traded and exported to (mainly) Asian markets.

### Who should pay

*The beneficiaries of AFMA's (and the wider whole-of-government) engagement in combating foreign IUU fishing and the related sovereignty protection issues are diverse, as outlined above. It would be inconsistent with the guidelines and with broader government policy in connection with protecting Australian sovereignty and meeting international treaty obligations for the costs of foreign fisheries compliance to be recovered from Commonwealth commercial fishers. The Commonwealth commercial fishing industry is not the primary beneficiary of the activity, nor does it create the need for the activity. Individuals, firms and groups outside the reach of AFMA's cost recovery powers create the need for the activity group. These activities should therefore be taxpayer funded.*

## **Output Group 2.3 Research and Data**

All activities within this output group are information activities.

This output group involves data collection and research activities into:

- Australia's community owned marine living resources
- the impacts of fishing, including Commonwealth fisheries, on those resources
- the bio-economic performance of Commonwealth fisheries
- technological developments benefiting Australian and overseas fisheries.

Funding for fisheries related research and data collection activities is available through the Department of Agriculture, Fisheries and Forestry, AFMA, the Fisheries Research and Development Corporation and CSIRO within existing appropriations. The Department also administers the Fisheries Resources Research Fund (FRRF) which provides funding for a rolling program of assessments of all Commonwealth fisheries undertaken by ABARE and BRS, and targeted biological, economic and social research to underpin the Government's response to current and emerging fishery policy and management issues.

The Commonwealth Fisheries Research Advisory Body (ComFRAB), which has AFMA membership, advises the Fisheries Research and Development Corporation on the Commonwealth's research priorities and, since October 2005, aims to co-ordinate fisheries research funding and effort across Commonwealth agencies.

AFMA has a specific responsibility under the Fisheries Administration Act 1991 to establish research priorities relating to fisheries managed by the Authority and arrange for the undertaking of such research



Understanding the size and condition of Australian fish stocks, in particular reducing the level of uncertainty in that understanding, is a priority for government and has been since AFMA was established.

### Activity Group 2.3.1 - Data collection and research

Beneficiary: Community	Cost of Activity: \$4.450m	Charge: Government (\$3.0m) - Industry (\$1.450m) - collaborative partnerships
------------------------	----------------------------	--

#### Description of Activity

This activity group comprises:

- fishery independent species level and ecosystem level data collection and research
- formulation and application of bio-economic modeling or proxy measures of economic performance
- research into new technologies
- analysis and reporting.

The species level and ecosystem level data collection and research not otherwise funded through the industry-government partnership administered by the Fisheries Research and Development Corporation is aimed at understanding the size and condition of Australia's community owned marine living resources. It provides the fundamental understanding of just what the community owns and makes available to Commonwealth commercial fishers, state fishers, recreational fishers, charter fishing operators and, by treaties, shares with indigenous groups or traditional foreign fishers – as in the case of the Australian-Indonesian memorandum of understanding regarding the waters surrounding Ashmore Reef off Western Australia.

This activity group takes biological analyses and combines it with economic analyses of Commonwealth commercial fisheries to formulate bio-economic models or proxy measures of economic performance. These researches and assessments are then used in the implementation of management arrangements in Activity Groups 1.1.1 and 1.1.2.

This activity group also includes research into:

- the development of modeling techniques that are of value to fisheries resource management generally, and environment protection and biodiversity conservation, eg: the CSIRO Atlantis model supporting strategic analysis of fisheries
- technologies that prevent or minimize unwanted bycatch of non-target species including species listed under environment protection and biodiversity legislation or international treaties that are generally applicable to fishing methods used in Commonwealth and other fisheries
- technologies that improve the efficiency of fishing methods and management measures that are generally applicable to fishing methods used in Commonwealth

and other fisheries, eg: e-logs improving on-board fishing performance information and the quality of fisheries management data.

This activity group covers industry-government partnerships in which the participants retain some or all of the intellectual property in the new technologies.

Who should pay

*These activities are undertaken on an industry-government partnership basis. The levy recovery mechanism is used to obtain the industry share of funding.*

*Under this partnership:*

- *AFMA's investment of government funding in research will relate to AFMA managed fisheries having regard to the Australian government's policy priorities expressed in policy documents or Directions to AFMA*
- *AFMA's research budget capacity is limited and will be determined annually based on available funds*
- *An AFMA policy will set out the broad categories of investment ratios between Government and Industry based on the priorities and beneficiaries of each proposal.*

*Current research projects will continue under their agreed funding basis until completion.*

### Activity Group 2.3.2 - Data collection on commercial fishing

Beneficiary: Commercial Industry

Cost of Activity: \$4.656m

Charge: Levy (\$4.430m) and Other Fees (\$0.425m)

Description of Activity

This activity group includes the definition and collection of logbook data, observation of fishing activities, transmission of the data and entry of the data into AFMA's databases and the provision and maintenance of the specific supporting technology.

Who should pay

*The data collected through this activity group is essential to assessing the impact of Commonwealth commercial fishing on the resource, the efficiency of fishing operations for bio-economic assessment, reporting on fishing activities and interactions with listed species. The need is created by Commonwealth commercial fishing activities and commercial fishers as a group are the primary beneficiaries.*

*For designing and processing logbooks, and designing and maintaining the data entry and repository systems, charging a fee may discourage reporting and diminish commitment to voluntary compliance, and a levy is therefore the most efficient cost recovery method.*

*Sampling observations of fishing activities, undertaken to assess each fishery's impact on particular species or the marine environment, are caused by and benefit the fishery as a whole and the costs should be recovered from all fishers in the fishery. This is most cost effectively done through levies.*

*Observations that allow specific fishing operations to be undertaken which would otherwise not be allowed should be cost recovered through fees.*

## **Output Group 2.4 Licensing and Revenue Collection**

### **Activity Group 2.4.1 - Licensing/Registration and Revenue Collection**

Beneficiary: Commercial Industry

Cost of Activity: \$1.348m

Charge: Levy \$1.199m

Fee \$0.149m

#### Description of Activity

This activity group comprises the transactions of granting and registration of Commonwealth fishing concessions, transferring concessions between fishers and charging fees for transactional services and levies for levied services. The concessions include Statutory Fishing Rights, Fishing Permits, Scientific Permits, Fish Receiver Permits and Foreign Fishing and Treaty Licenses. The costs of the transactional activities are recovered by a fee for service and the other costs are recovered through the levy mechanism.

#### Who should pay

*These activities individually benefit the firms and industry that create the need. Charging is consistent with the objectives of the Fisheries Administration Act 1991 and fee for service charging is efficient and cost-effective. Charging for this activity group should be through fees for service for transactional activities and by levy for the remainder of the activity group.*

### 3. DESIGN AND IMPLEMENTATION

#### Basis of Charging – Fee or Levy

AFMA prepares its detailed annual budget by activity and, where appropriate, fishery. Fishery-related budget elements are provided to relevant MACs for comment before formal consideration by the Commission and approval by the CEO. The determination of the costs to be recovered will be governed by the 2009 CRIS. In line with the guidelines, a fee will be charged where the activity is attributable to an individual or firm and it is efficient. Levies are more efficient and will apply where AFMA undertakes activities that are caused by or benefit whole fishery sectors or the whole Commonwealth commercial fishing industry.

**Fees** – Where it is practical and cost effective to do so, costs will be recovered as fees for service. This analysis identifies licensing and applicable observer costs as recoverable through fees. This ensures a direct link between the costs of the activity and the amount recovered, and enhances transparency and efficiency in service delivery. The fee will be based on estimated efficient unit costs, such as the daily cost of placing an observer on a fishing boat. The efficient cost is determined by identifying direct costs, overheads, capital costs and depreciation as detailed in the ‘Costs to be included in charges’ section below.

Where it is practicable and cost effective to do so (and not inconsistent with the guidelines), the costs of information or services provided by AFMA to third party groups and organisations, including related overheads, will be separately charged. In the main these will be inter-agency or inter-government charges and AFMA will apply the principles underlying appropriate cost recovery to these charges. Typically, however, the amounts so recovered are a small proportion of AFMA’s overall costs. A schedule of AFMA’s current fees and charges is included in this CRIS.

**Levies** – Because of the sectoral nature of several of AFMA’s activities, most cost recovery by AFMA is through annual fishery-based levies, established by Regulation under applicable legislation. Levies do, however, incorporate ‘fee for service’ principles in that within a given fishery the quantum of each fisher’s total levy is proportional to a measure of that fisher’s beneficial interest in the fishery, such as the fisher’s share of the total allowable catch, or the number of permits held, or the amount of fishing effort permitted, etc. The quantum and make-up of levied activities in each fishery are developed in consultation with the relevant MAC or industry sector on an annual basis and may change over time according to the fishery’s circumstances. The Minister for Agriculture, Fisheries and Forestry will formally approve levies in the form of annual Levy Regulations, which are made law by the Governor-General in council and subject to disallowance by Parliament.

In addition to the annual process for setting levies, after the end of a financial year, for each fishery, any net difference between total levies received and total recoverable costs actually

incurred will be ascertained and an adjustment, up or down as required, made in the following year's levies for that fishery.

In the case of industry-government partnership research funding, fishery industry representatives on the relevant MAC may agree to carry over unspent research funds from one year to the next, to accommodate anticipated research needs, rather than include those funds in the annual adjustment process.

The **Summary of Charging Arrangements** shows, for the analysis in this consultation draft CRIS, the costs that should be recovered by levy or fee for service, and the costs that should be funded by the taxpayer..

## **Legal Requirements for Cost Recovery**

AFMA's cost recovery arrangements are fully authorised by applicable Commonwealth law.<sup>4</sup> There have been no successful legal challenges to the arrangements based on any alleged lack of authority.

## **International Obligations**

Those AFMA activities subject to international treaties, or international agreement obligations are included in the Policy Review section of this draft CRIS. Activities directed towards developing regulations, or complying with international obligations, should be funded by the taxpayer in accordance with the guidelines. Activities directed at the sustainable management of the associated domestic fisheries are cost recovered on the same basis as if they were wholly domestically managed fisheries.

## **Costs to be included in charges**

AFMA will base its cost recovery on the principles described in this section and the Policy Review Section. The numerical examples shown in this draft CRIS are based on the expected level of funding for AFMA for 2009-10 and estimates of costs against the activities. Cost recovery in subsequent years will reflect the final approved CRIS and the costs anticipated for those years, including the savings realised from implementing the Cost Reduction Working Group recommendations approved by AFMA.

The principles on which recovered costs will be based in implementing the CRIS are the estimation of efficient costs and transparency. Costs for activities are defined as direct costs, indirect costs (overheads) and capital costs. Each will be adjusted annually based on operations, the price of goods and services received and estimates of achievable cost savings.

---

<sup>4</sup> Part 7 of the *Fisheries Management Act 1991* provides for the collection of both fishing levies and charges, with reference to associated legislation – the *Fishing Levy Act 1991*, the *Foreign Fishing Licences Levy Act 1991*, the *Statutory Fishing Rights Charge Act 1991* and, for Torres Strait fisheries, the *Fisheries Levy Act 1984*. The fees for service are prescribed in the *Fisheries Management Regulations 1992*.

Direct costs, of which staff costs are the most significant component, will be based on historical financial information and statutory requirements in relation to staff, analyses of staff utilisation and surveys of future operational requirements. AFMA managers will provide direct input to validate the costs and identify likely variations over time as part of AFMA's budgeting processes. ICT services (such as VMS transmission costs for fishery monitoring) specific to an activity will be included as a component of direct costs for the activity.

Overheads include rent, utilities, corporate services employee costs, ICT infrastructure services and office supplies.<sup>5</sup> These overheads are allocated in this draft CRIS on the basis of the full time staff equivalents (FTEs) involved in each activity. This is considered to be an equitable and reasonable basis for allocation, as employee numbers are the most significant cost determinant for overheads in all activities. All overhead costs have been incorporated into individual activity costs on this basis and recovered (or not recovered) accordingly.

Capital costs will be allocated directly to the relevant activity where the cost is attributable specifically to the activity (such as licensing software) and on the basis of the FTEs involved in a particular group of activities where it is not. The capital charges used in these calculations will be based on the fair value of assets in accordance with *Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets*.

Depreciation of assets will be on a straight line basis over the life of the asset, and leasehold items will be amortised over the life of the lease.

According to the guidelines, the CRIS should consider efficient costs rather than actual costs when determining cost recovery charges in cases where products are not produced efficiently or apply higher standards than absolutely necessary. The program of IT renewal (Pisces, e-licensing and e-logs, e-monitoring) currently funded from AFMA's cash reserves arguably has such characteristics. These and other projects funded from AFMA's cash reserves and from the government's \$6 million allocation for improved science, data and compliance under the Securing our Fishing Future package are treated separately in this analysis. Future ongoing maintenance activities resulting from these projects, and future core business software developments should be allocated as direct costs for the activities or activity groups supported.

The charging structure proposed in this consultation draft is reflected in the Summary of Charging Arrangements. Licensing transaction fees, observer fees and fishery levies are reviewed and set annually.

This cost recovery analysis is based on fully distributing overhead costs. Non-cost recoverable activities form the largest part of AFMA's activities in the current analysis under the July 2005 guidelines. The 2004 CRIS applied fully distributed costs on the basis

---

<sup>5</sup> However, those ICT services attributable to "above private sector" security standards will be taxpayer funded (see Output 1.0) and those directly attributable to fishery specific activities – such as those for e-licensing, e-logbooks and the like – will be recovered from industry through relevant Outputs such as Output 1.1.3.

of analysis solely as a regulatory agency under the December 2002 cost recovery guidelines.

The costing information listed below is shown on the following pages:

- Actual and Estimated Levy and other Fee Collections 2001-02 to 2011-12
- 2008-09 Budget details
- Summary of Expected Available Funding 2009-10 to 2011-12
- Summary of Proposed Charging Arrangements 2009-10

CONSULTATION DRAFT

**Actual and Estimated Levy and Other Fee Collections**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Forward Estimate		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	2009-10	2010-11	2011-12
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Levy and License Fees	9,571,616	11,252,390	12,394,145	12,250,480	13,134,809	6,892,682	8,683,219	9,988,000	13,200,000	13,582,000	13,976,000
Subsidy	-	-	-	-	-	See note below	See note below	See note below			
<b>Total</b>	<b>9,571,616</b>	<b>11,252,390</b>	<b>12,394,145</b>	<b>12,250,480</b>	<b>13,134,809</b>	<b>6,892,682</b>	<b>8,683,219</b>	<b>9,988,000</b>	<b>13,200,000</b>	<b>13,582,000</b>	<b>13,976,000</b>
Observer fees	438,000	567,000	481,000	560,000	505,000	242,000	301,000	419,000	425,000	425,000	425,000
Other fees	17,000	42,000	76,000	35,000	41,000	107,000	57,000				
	455,000	609,000	557,000	595,000	546,000	349,000	358,000	419,000	425,000	425,000	425,000
<b>Total cost recovered income</b>	<b>10,026,616</b>	<b>11,861,390</b>	<b>12,951,145</b>	<b>12,845,480</b>	<b>13,680,809</b>	<b>7,241,682</b>	<b>9,041,219</b>	<b>10,407,000</b>	<b>13,625,000</b>	<b>14,007,000</b>	<b>14,401,000</b>
Levy Subsidy provided for 3 financial years						7,250,000	5,250,000	3,000,000			
<b>Subsidy plus recovered costs</b>	<b>10,026,616</b>	<b>11,861,390</b>	<b>12,951,145</b>	<b>12,845,480</b>	<b>13,680,809</b>	<b>14,491,682</b>	<b>14,291,219</b>	<b>13,407,000</b>	<b>13,625,000</b>	<b>14,007,000</b>	<b>14,401,000</b>



## 2008-09 Budget Details

Budget 2008-09	Government \$'000s	Industry \$'000s	Total \$'000s
<b>Fisheries</b>			
Torres Strait	2,838	-	2,838
South East Trawl	893	2,471	3,364
Eastern Tuna & Billfish	606	2,076	2,682
Northern Prawn	667	1,911	2,578
Gillnet, Hook & Trap	530	1,410	1,940
Southern Bluefin Tuna	704	1,284	1,988
International Tuna	406	-	406
Great Australian Bight	139	534	673
Northern Joint Authority	158	-	158
Heard & Mcdonald Isl	135	483	618
Western Tuna & Billfish	119	435	554
Norfolk Island (Inshore)	55	397	452
Small Pelegic	79	365	444
Coral Sea	32	217	249
Southern Squid	38	186	224
Bass Strait Scallops	99	229	328
Western Deepwater Trawl	8	133	141
Norfolk Island (Outside)	2	74	76
Macquarie Island	27	133	160
Skipjack Tuna	5	117	122
North West Shelf	8	134	142
East Coast Deepwater Trawl	3	38	41
CCAMLR/Exploratory	47	25	72
Victoria Inshore Trawl	19	28	47
South Tasman Rise	13	24	37
WA Joint Authority	8	-	8
<b>Total fisheries</b>	<b>7,638</b>	<b>12,704</b>	<b>20,342</b>
<b>Fee for service</b>			
Licensing FFS	-	149	149
Observers - Eastern Tuna	-	133	133
Observers - HIMI	-	323	323
Observers - Macquarie Isl	-	69	69
Observers - Projects	-	68	68
Observers - Exploratory	-	75	75
<b>Total fee for service</b>	<b>-</b>	<b>818</b>	<b>818</b>
Environment	1,119	-	1,119
Foreign Compliance	19,236	-	19,236
<b>Total Govt funded</b>	<b>20,355</b>		<b>20,355</b>
			-
Regulatory Standards	285	-	285
Legal	544	-	544
Communications	273	-	273
Policy	160	-	160
Observers	327	-	327
Transition to Commission	842	-	842
<b>Total indirect</b>	<b>2,431</b>	<b>-</b>	<b>2,431</b>
			-
<b>Special projects</b>	<b>7,292</b>		<b>7,292</b>
<b>Total expenditure</b>	<b>37,716</b>	<b>13,522</b>	<b>51,238</b>

The expenditure budget for 2008-09 is being met as follows:

<b>Expenditure</b>	<b>Core Activities</b>	<b>Foreign Compliance</b>	<b>Special Projects</b>	<b>Total</b>
Industry	13,522	-	-	13,522
Government	11,188	19,236	7,292	37,716
	24,710	19,236	7,292	51,238
<b>Met by</b>				
Levies	9,704	-	-	9,704
Subsidy	3,000	-	-	3,000
Fee for service	839	-	-	839
Government - base	9,348	1,258	-	10,606
Government - foreign compliance	-	27,611	-	27,611
Government - SDC	-	-	2,000	2,000
Interest	1,177	-	-	1,177
Capitalisation	-	( 9,782)	789	( 8,993)
Other receipts	80	-	861	941
	24,148	19,087	3,650	46,885
Impact on reserves	( 562)	( 149)	( 3,642)	( 4,353)

The above budget details align to the 2008-09 budget details shown in the Portfolio Budget Statements 2008-09 for the Agriculture, Fisheries and Forestry portfolio.

## Summary of Expected Available Funding over the next three years

<b>Funding</b>	<b>2008-09 \$'000</b>	<b>2009-10 \$'000</b>	<b>2010-11 \$'000</b>	<b>2011-12 \$'000</b>
Industry Levies and license fees	9,988	13,200	13,582	13,976
Levy Subsidy - \$3m included in AFMA Appropriation	-	0	0	0
Observer Fees for Service	419	425	425	425
<b>Total Levies and Fees from industry</b>	<b>10,407</b>	<b>13,625</b>	<b>14,007</b>	<b>14,401</b>
FRDC Co-management contribution	361	271	286	-
AFMA Appropriation - Departmental Funding – see note 1	16,210	11,220	11,310	11,584
AFMA Appropriation - Foreign Fishing Compliance	12,082	12,449	13,282	13,896
Administered Appropriation - Foreign Fishing Compliance	15,529	7,728	14,711	14,711
<b>Total Available Funding</b>	<b>54,589</b>	<b>45,293</b>	<b>53,596</b>	<b>54,592</b>

### Comments

1. Departmental funding for 2008-09 includes \$3m for the levy subsidy and \$2m for science data and compliance funding – these both cease for 2009-10 and beyond. The comparable amount for subsequent years is \$11.210m.
2. The total funding available does not take into account any deficit funding for special projects.
3. The figures shown as total available funding for 2009-10 and beyond are only expected to increase very marginally for CPI adjustments.
4. Historical and projected revenue details are shown at Attachment B.
5. Funding for foreign fishing compliance is linked to activity levels.

## Summary of Proposed Charging Arrangements for 2009-10

ANALYSIS FOR 2009-10					
Output Group	Activity Group		Charge	Taxpayer \$'000	Industry \$'000
<b>Output Group 1 Fisheries Policy and Planning</b>					
Output Group 1.1 Management of Domestic Fisheries	Activity Group 1.1.1	Defining standards and developing regulation	Levy		1,740
	Activity Group 1.1.2	Implementing standards in commercial fisheries	Levy		3,600
	Activity Group 1.1.3	Monitoring commercial fishery performance	Levy		632
	Activity Group 1.1.4	Implementing standards and assessing performance in traditional, Indigenous and non-commercial fisheries	Taxpayer	2,060	
Output Group 1.2 Management of International Fishery Obligations	Activity Group 1.2.1	Input to defining international treaty standards and developing regulation	Taxpayer	542	
Output Group 1.3 Policy Support	Activity Group 1.3.1	Policy Support	Taxpayer	1,200	
<b>Output Group 2 Fisheries Administration</b>					
Output Group 2.1 Domestic Fisheries Compliance	Activity Group 2.1.1	Domestic Fisheries Compliance Enforcement	Taxpayer	4,689	
Output Group 2.2 Foreign Fisheries Compliance	Activity Group 2.2.1	Foreign Fisheries Compliance – enforcement/outreach	Taxpayer	20,177	
Output Group 2.3 Research and Data	Activity Group 2.3.1	Data collection and research	Taxpayer / Industry	3,000	1,450
	Activity Group 2.3.2	Data collection on commercial fishing	Levy Fees		4,430 425
Output Group 2.4 Licensing and Revenue Collection	Activity Group 2.4.1	Licensing/Registration and Revenue Collection	Levy Fees		1,199 149
Total				31,668	13,625

Grand Total to align with available funding

45,293

The figures in this table are indicative estimates only, to align with the total available funding expected for 2009-10 of \$45.293 million shown on the previous page. They do not take account of any deficit funding for special projects. The amount for Foreign Fisheries Compliance – Activity Group 2.2.1, is fixed as an administered appropriation. AFMA is currently undertaking a detailed budgeting exercise for 2009-10. This exercise will be finalised by mid March 2009 - these figures will be updated at that stage.

## 4. ONGOING MONITORING

The finalised and approved CRIS will become operational with effect from 1 July 2009.

### Monitoring Mechanisms

AFMA will continue its annual monitoring of costs and prices. This will be open to scrutiny by stakeholders through consultation with MACs and Commonwealth commercial fishing industry sectors in setting fishery budgets for each activity group, and to Parliamentary scrutiny in the Levy Regulation-making process.

License and observer fees are reviewed on an annual basis.

AFMA will publish costing and cost recovery information for each activity or group of activities in its annual report.

The AFMA Commission and Finance and Audit Committee will monitor costs and cost recovery arrangements to ensure they are appropriate and efficient.

AFMA's internal auditors will monitor and review AFMA's operations and costs. The Australian National Audit Office (ANAO) can also review AFMA's operations and costs whenever it should decide to do so. The ANAO publishes a forward work program on an annual basis and may include AFMA in cross agency reviews of activities or it may undertake performance reviews of specific programs.

### Stakeholder Consultation

AFMA is consulting industry and government stakeholders on the basis of this consultation draft CRIS. Former AFMA Director, Brian Jeffriess, and AFMA Commissioners, Denise North and Ian Cartwright, are closely involved in the review, and will consult the CFA and broader industry in developing the 2009 CRIS.

This section of the final approved CRIS will summarise stakeholder feedback and AFMA's response.

AFMA will also continue the processes of consultation with stakeholders, through MACs, RAGs and fishing industry organisations, on its activities and costs, especially when ongoing monitoring would indicate the need for upward variations in the costs to be recovered.

## Periodic Review

AFMA will conduct detailed reviews of costs and cost recovery arrangements which will be less frequent, but in addition to, annual monitoring. The triggers for such periodic reviews may include:

- Significant developments in fisheries policy, domestically or internationally
- Changes in other government policies which may impact on fishery activities and costs
- Significant technological changes which may impact on AFMA's costs
- Significant changes in the guidelines.

AFMA is working toward introducing a number of activities on-line in 2009. E-licensing will be implemented on 1 July 2009 and will allow registered users to conduct most of their AFMA licensing business electronically. As part of the introduction of e-licensing, AFMA is reviewing the fees and charges to ensure that the anticipated reduced costs of electronic processing are passed on to the users.

AFMA will formally involve stakeholders in all periodic reviews.

In any case, government policy requires agencies to review their cost recovery arrangements at least every five years, which means subject to any of the above triggers, the next major review would be in 2014.

## 5. CERTIFICATION

The Chief Executive Officer of AFMA must certify that the final Cost Recovery Impact Statement (following consultation) is prepared in accordance with the *Australian Government Cost Recovery Guidelines - July 2005* and complies with the Australian Government's cost recovery policy.

The Minister for Agriculture, Fisheries and Forestry must be satisfied and agree that the CRIS complies with the cost recovery policy.

The Cost Recovery Impact Statement is to be published on the AFMA website.

The analysis presented in this draft is the basis for consultation with stakeholders.

(To be certified following stakeholder consultation)

Glenn Hurry

Chief Executive Officer

Australian Fisheries Management Authority

## 6. COST RECOVERY LINKS

The Australian Government Cost Recovery Guidelines and the accompanying Finance circulars can be found at;

*<http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/cost-recovery.html>*

CONSULTATION DRAFT

## Attachment A - Schedule of Current Fees and Charges

### *Fisheries Management Regulations 1992* Schedule 2

Column 1 Item	Column 2 Matter	Column 3 Fee \$
<b>Part 1</b>	<b>Formally managed fisheries</b>	
2	Application for the grant of a foreign fishing licence in respect of a boat for a formally managed fishery	300
3	Application for the grant of a foreign master fishing licence for a formally managed fishery	100
4	Application for the grant of a fishing permit or a foreign master fishing licence for an area in a formally managed fishery	100
5	Application for the grant of a foreign fishing licence for an area in a formally managed fishery	300
<b>Part 2</b>	<b>Informally managed fisheries</b>	
6	Application for the grant of a fishing permit or a foreign fishing licence in respect of a boat for an informally managed fishery	300
7	Application for the grant of a fishing permit or a foreign fishing licence for an area in an informally managed fishery	300
8	Application for the grant of a foreign master fishing licence for an area in an informally managed fishery	100
8A	Application for the grant of a fishing permit for an informally managed fishery that is outside the Australian fishing zone	400
8B	Application for the grant of a fishing permit for an informally managed fishery that is in the area of waters south of the Antarctic Convergence	1 000
<b>Part 3</b>	<b>Fisheries generally</b>	
9	Application for the variation, revocation or specification, under subsection 32 (8) of the Act, of a condition, or conditions, of:	300



<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Item</b>	<b>Matter</b>	<b>Fee</b> <b>\$</b>
	(a) a permit in respect of a boat; or (b) if the application is made at the same time in relation to more than 1 permit in respect of that boat — those permits	
10	Application for the transfer, under subsection 32 (10) of the Act, of: (a) a permit for a boat; or (b) if the application is made at the same time to transfer more than 1 permit in respect of that boat — those permits	300
11	Registration of an interest in a statutory fishing right under subsection 46 (4) of the Act	50
12	Inspection of the Register under subsection 52 (1) of the Act	50
12A	Inspection of the High Seas Register under subsection 57D (1) of the Act	50
12B	Inspection of the Fishing Permits Register under subsection 57J (1) of the Act	50
13	Application for the grant or renewal of a fish receiver permit under subsection 91 (2) or (10) of the Act	150
14	Notice (under paragraph 32 (1A) (b) of the Act) of nomination of another Australian boat in lieu of the boat specified in a permit, or in each permit of a permit package	300
15	Notice (under subsection 32 (1B) of the Act) of nomination of an Australian boat to a permit, or in each permit of a permit package	300
16	Application for the grant of a port permit under section 94 of the Act: (a) first instalment (payable when the application is made); and (b) second instalment (payable if AFMA decides to grant the application)	414  336
		for each port entry requested in the application

## Glossary

ABARE	Australian Bureau of Agricultural and Resource Economics
AFMA	Australian Fisheries Management Authority
AFZ	Australian Fishing Zone
ARC	AFMA Research Committee
ARDC	AFMA research and data collection
BRS	Australian Government Bureau of Rural Sciences
CAC Act	Commonwealth Authorities and Companies Act 1997
CCAMLR	Convention on the Conservation of Antarctic Marine Living Resources
CCSBT	Convention for the Conservation of Southern Bluefin Tuna
CRIS	Cost Recovery Impact Statement
CRIS2004	AFMA's CRIS, with effect from 2004-05
CRIS2009	AFMA's CRIS, with effect from 2009-10
CRWG	Cost Recovery Working Group, AFMA, 2007-2008
DAFF	Australian Government Department of Agriculture, Fisheries and Forestry
DEHWA	Australian Government Department of the Environment, Heritage, Water and the Arts
EEZ	Exclusive Economic Zone
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
FFA	Forum Fisheries Agency of the South Pacific Community
FMA Act	Financial Management and Accountability Act 1997
FRDC	Fisheries Research and Development Corporation
Guidelines	Australian Government Cost Recovery Guidelines, July 2005
HIMI	Heard Island and McDonald Islands
ICT	Information and Communications Technology
IUU Fishing	Illegal, Unreported and Unregulated Fishing
MAC	Management Advisory Committee, AFMA
NFCC	National Fisheries Compliance Committee
NGO	Non-Governmental Organisation
PBS	Portfolio Budget Statement
RAG	Resource Assessment Group, AFMA
RFMO	Regional Fisheries Management Organisation
RIRDC	Rural Industries Research and Development Corporation
SBT	Southern Bluefin Tuna
SIOFA	Southern Indian Ocean Fisheries Agreement
SPRFMO	South Pacific Regional Fisheries Management Organisation
VMS	Vessel monitoring system (for electronic surveillance of fishing vessel position)
WCPOFC	Western and Central Pacific Ocean Fisheries Commission