

EXPLANATORY STATEMENT

Select Legislative Instrument 2010 No. 311

Issued by the Minister for Agriculture, Fisheries and Forestry

Fisheries Levy Act 1984

Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2010 (No. 1)

The *Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2010 (No. 1)* are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Section 8 of the *Fisheries Levy Act 1984* provides that the Governor-General may make regulations for the purposes of sections 5 and 6 of the *Fisheries Levy Act 1984*. Section 5 of the *Fisheries Levy Act 1984* imposes a levy on, amongst other things, the grant or renewal of a licence and of the allocation and renewal of units of fishing capacity issued under the *Torres Strait Fisheries Act 1984*. Section 6 of the *Fisheries Levy Act 1984* provides that the amount of levy imposed on the grant or renewal of a licence or on the allocation or renewal of units of fishing capacity is such an amount as is specified in the *Fisheries Levy (Torres Strait Prawn Fishery) Regulations 1998*. Section 7 of the *Fisheries Levy Act 1984* provides that the levy is payable at the time of the grant, renewal or variation of the licence, and at the time of the allocation or renewal of units of fishing capacity.

The attributable costs of managing the Torres Strait Prawn Fishery are recovered from industry pursuant to a decision of the Protected Zone Joint Authority. The Protected Zone Joint Authority agreed to split the costs to be recovered on the basis of fixed (per licence) and variable (per day – now per unit) components to provide an equitable division of expenses depending on operators' investment in the Torres Strait Prawn Fishery. The Torres Strait Prawn Fishery is the only Torres Strait fishery currently subject to cost recovery arrangements.

The *Torres Strait Prawn Fishery Management Plan 2008* was determined on 6 February 2009 and provides for the allocation of units of fishing capacity to Torres Strait Prawn Fishery licence holders (days were previously held in the Torres Strait Prawn Fishery). The units of fishing capacity are then converted annually pro rata into the number of fishing days (annual use entitlement) depending on the total allowable effort for the Torres Strait Prawn Fishery in a given season.

The levy costs for the Torres Strait Prawn Fishery are attributable to services provided by the Australian Fisheries Management Authority and Fisheries Queensland which sits within the Queensland Government Department of Employment, Economic Development and Innovation. Fisheries Queensland is responsible for administering the licensing and compliance component in management of the Torres Strait Prawn Fishery and distributing the annual levy invoices. The Australian Fisheries Management Authority is responsible for general management and consultation in relation to the Torres Strait Prawn Fishery.

The *Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2010 (No. 1)* amend the *Fisheries Levy (Torres Strait Prawn Fishery) Regulations 1998*. The *Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2010 (No. 1)* reduce the 2011 levy for licences granted or renewed in the Torres Strait Prawn Fishery from \$4,229.06 to \$2,895.59 per licence (fixed component) and reduce the levy for each individual allocated fishing unit from \$27.23 to \$21.19 per unit (variable component).

The total cost recovered budget for the 2010–11 financial year is \$448,817 compared with \$502,040 for 2009–10 financial year. This is a reduction of \$53,223 or 10.6 per cent compared to the 2009–10 cost recovered budget. There has been an overall decrease in the amount recovered (\$322,162) from industry in the 2010–11 financial year of \$122,789 (27.6 per cent) when compared to the 2009–10 financial year (\$444,951). This decrease is largely due to a reduction in management costs, observer costs and associated overheads as a result of reduced effort in the Torres Strait Prawn Fishery in addition to amounts underspent being carried over to the 2010–11 financial year budget. For more detailed information on the basis of the 2010–11 financial year levy costs and comparisons between levies collected during 2009–10 and levies collected during 2010–11 financial years see the [Attachment](#).

Consultation

The budgets on which the rates for the levy are based were prepared in consultation with the Torres Strait Prawn Management Advisory Committee. The Torres Strait Prawn Management Advisory Committee, made up of representatives from industry and government noted the draft 2010–11 fishery budget at Torres Strait Prawn Management Advisory Committee 10 on 30 June 2010. The final budget and levy regulations were discussed and noted at a Torres Strait Prawn Management Advisory Committee out-of-session teleconference on 3 November 2010. The Torres Strait Protected Zone Joint Authority Standing Committee comprised of senior officers from the Australian Fisheries Management Authority, Fisheries Queensland, the Department of Agriculture, Fisheries and Forestry and the Torres Strait Regional Authority recommended these levies on 1 November 2010. The Australian Fisheries Management Authority consulted with the Department of Agriculture, Fisheries and Forestry and Fisheries Queensland about the *Fisheries Levy (Torres Strait Prawn Fishery) Amendment Regulations 2010 (No. 1)* and associated explanatory documents.

Basis of the levy**Table 1.** Levy Calculation. This describes the basis for the levy for 2011 based on the 2010–11 financial year budget.

	Cost recovered budget 2010–11	Carry forward Surplus/ (deficit) from 2009–10 budget	Amount to be recovered via 2011 levy (levy base)
	a	b	a-b = c
AFMA logbook collection	17,065	(643)	\$17,708.00
AFMA logbook data entry	10,248	11,112	\$-864.00
Queensland Boating and Fisheries Patrol (surveillance)	56,960	0	\$56,960.00
Administration/ other & licensing	364,544	116,186	\$248,358.00
TOTAL	448,817	126,655	\$322,162.00

Table 2. The levy costs (Table 1) for 2011 season based on the 2010–11 budget, as split between licence and unit components.

	Licence component 2011	Unit component 2011	Amount to be recovered via 2011 levy
	a	b	a+b = c
AFMA logbook collection	0	17,708.00	\$17,708.00
AFMA logbook data entry	-864.00	0	\$-864.00
Queensland Boating and Fisheries Patrol (surveillance)	28,480.00	28,480.00	\$56,960.00
Administration/ other & licensing	149,014.80	99,343.20	\$248,358.00
TOTAL	176,630.80	145,531.20	\$322,162.00

The 2010–11 cost recovered budget is \$448,817 compared with \$502,040 for 2009–10, a decrease of \$53,223 (10.6 per cent). This decrease is mainly due to a reduction in management costs, observers and associated overheads, as a result of reduced effort in the Torres Strait Prawn Fishery. As the 2009–10 budget was underspent by \$126,655 this is applied to the 2011 levy base as a credit. Consequently, the amount to be cost recovered from industry through the levy base for 2011 is \$322,162, which is calculated by subtracting the 2009–10 underspend (\$126,655) from the 2010–11 cost recovered budget (\$448,817).

The \$322,162 levy amount comprises \$176,630.80 in 'fixed' licensing costs and \$145,531.20 in 'variable' costs for the fishing unit component.

The levy cost per licence for 2011 is \$2,895.59. This is derived by dividing the total 'fixed' licence component of \$176,630.80 by the total number of licences in the Torres Strait Prawn Fishery (61).

The levy cost per unit allocated for 2011 is \$21.19. This is derived by dividing the total 'variable' unit component of \$145,531.20 by the total number of units allocated to Australian licence holders in the Torres Strait Prawn Fishery (6,867).

Decreases to the budget have occurred in the following areas:

- *Australian Fisheries Management Authority – observers* – A decrease in the number of observer days (from 180 to 60) to reflect actual effort in the Torres Strait Prawn Fishery has resulted in an \$88,438 saving to industry;
- *Australian Fisheries Management Authority – logbook data entry* – A \$9,453 decrease occurred due to using less of the data entry team's time, largely due to reduced effort in the Torres Strait Prawn Fishery. There has been an hourly rate increase for staff which is included in the budget;
- *Australian Fisheries Management Authority – overheads* – Decreases to general overheads of \$3,927 occurred due to a change in the way overheads were calculated;
- *Fisheries Queensland – surveillance and compliance* – A \$12,035 decrease occurred due to a reduced number of compliance days being budgeted for the Torres Strait Prawn Fishery. This is in line with the reduced effort in the Torres Strait Prawn Fishery;
- *Fisheries Queensland – fisheries management costs* – this item has decreased by \$11,048 due to reduced staffing costs, even though an additional \$20,000 was added to the budget to cover the routine data analysis functions for monitoring the Torres Strait Prawn Fishery.

Increases to the budget have occurred in the following areas:

- *AFMA – data management* – For the 2010–11 budget, the data management costs will be charged to fisheries as actuals as it is now 100 per cent industry funded. Although a specific amount will be budgeted for in each fishery's budget (and there is a \$4,201 increase above), the data management team will log all work generated by a fishery regarding e-Logs and reporting requests and reconcile this every three months. Actual expenses will then be adjusted with the finance team;
- *AFMA – consultancy and contractors* – There is a \$8,094 increase as a result of the budget now including sitting fees for the Torres Strait Prawn Management Advisory Committee Chair and industry members which had not been included in previous budgets;
- *AFMA – travel costs* – There has been an increase in travel costs associated with flights for the new Torres Strait Prawn Management Advisory Committee industry member located in Canberra, other industry member flights, as well as, flights and meeting costs being budgeted for port meetings regarding future management arrangements for the Torres Strait Prawn Fishery in 2011.