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A REVIEW OF  
COST RECOVERY  
FOR  
COMMONWEALTH  
FISHERIES

March 1994

# REVIEW OF COST RECOVERY FOR COMMONWEALTH FISHERIES

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## SUMMARY AND CONCLUSIONS

This report outlines a policy and set of principles for implementing cost recovery in Commonwealth fisheries. It provides a stable basis for cost effective and equitable cost recovery arrangements both now and in the future.

With the assistance of the Australian Bureau of Agriculture and Resource Economics (ABARE), the task force devised a methodology to determine:

- the appropriateness of AFMA's functions and activities
- the attribution of those functions and activities to specific user groups; and
- an appropriate level of recoverability of costs associated with those functions and activities.

The task force examined AFMA's administrative costs and concluded that:

- the allocation of administrative expenditure to recoverable and non-recoverable activities should be changed to better reflect the split of work between the two categories; and
- because of the high level of administrative expenditure AFMA should review their expenditure with a view to reducing the proportion of their budget spent on administration.

The task force conclusions, on the attribution of AFMA's functions and activities to specific user groups and the recoverability of associated costs, are summarised in Figure 1 below. The task force was not able to reach agreement on the attribution of the *Australian Fisheries* magazine and the recoverability of the domestic compliance program.

The task force considered that AFMA's domestic fisheries compliance program, surveillance and enforcement, was partially recoverable. Simply put, surveillance covers activities related to the detection of 'unauthorised' or illegal activities, while enforcement activities are directed at apprehension and prosecution. The task force considered that surveillance was a recoverable activity but that enforcement was non-recoverable. DoF originally agreed with this conclusion but subsequently put an alternative position that enforcement should be partially (50%) non-recoverable. As the alternative position was proposed after the final meeting of the task force, at which all members indicated that they agreed with the principal conclusions and the logic behind them, and therefore was not discussed by the task force, DoF's minority view has been presented in this report.

Two options are presented for an adjustment process. If the majority view is accepted, the conclusions of the task force essentially cancel each other out and no additional adjustments need be made to the amount recovered from the commercial fishing sector. DoF's alternative position would result in an additional \$0.8 million recovered from commercial fishers.

Figure 1: Summary of the conclusions of the task force concerning the attribution and recoverability of AFMA's current functions and activities

Function	Related Activities	User	Rec-
(a) Management of Commonwealth-managed commercial domestic fisheries	General fisheries management Collapsed fisheries management Exploratory/Developmental fisheries management Management Plans development Management Plans maintenance Compliance Program*	1 1 1 1 1 1	Rec Part Rec Part Rec Rec N/R Rec Part Rec
(b) Management of non-commercial fisheries		2	N/R
(c) Management input into fisheries under joint jurisdiction (Cwealth/State/Terr)	Offshore Constitutional Settlement (OCS) negotiations	1&2	N/R
(d) Management input into bilateral fisheries		4	Rec
(e) Surveillance and enforcement of illegal foreign fishing inside the Australian Fishing Zone		4	N/R
(f) Development of research priorities	Fisheries Research Advisory Board (FRAB) for Commonwealth fisheries	1&2	N/R
(g) Preparation of legislation and litigation-related activities		1&2	Part Rec
(h) Participation in international fora		3	N/R
(i) Publication and circulation of <i>Australian Fisheries</i> magazine		various	N/R

\* the task force did not reach agreement on the recoverability of this item

**Key:**

Rec = recoverable; Part = partially non-recoverable; N/R = non-recoverable

1 = commercial fishers; 2 = non-commercial fishers; 3 = general community;  
4 = foreign fishers

## 1. BACKGROUND TO THE REVIEW

### 1.1 Introduction

The Commonwealth has management responsibilities for fisheries outside three nautical miles off-shore, to the 200 mile limit, unless other management arrangements have been put in place following agreement with the relevant State/Territory Government.

In 1989 the Commonwealth released its fisheries policy statement *New Directions for Commonwealth Fisheries Management in the 1990's*. As part of the implementation of this policy statement the Government decided to create the Australian Fisheries Management Authority (AFMA). AFMA was given responsibility for operations and operational policy in relation to management of Commonwealth fisheries. The Department of Primary Industries and Energy (DPIE) retained responsibility for strategic national and international policy matters. The rationale for the split was to increase interaction between the industry and the government, while distancing the Minister from many day-to-day operational decisions made by AFMA. The creation of AFMA also allowed DPIE to address more strategic issues relevant to the fishing and aquaculture industries.

### 1.2 Why a Review of Cost Recovery

In 1992 the Industry Commission (IC) published its report *Cost Recovery for Managing Fisheries*, which outlined the findings of its inquiry into the cost recovery arrangements for Commonwealth managed fisheries. As part of its response to the IC report, the Commonwealth announced a review of AFMA's attributable and non-attributable management costs, on a fishery by fishery basis. The review was to be conducted by DPIE, AFMA and the Department of Finance (DoF), in consultation with the fishing industry. The Government's decision specified that any changes to cost recovery charges identified were to be phased in during 1994-95 to 1996-97.

### 1.3 Terms of Reference

The overall objective of this review was to determine a cost effective, equitable and stable basis for future cost recovery arrangements in Commonwealth managed fisheries.

A task force, comprising representatives from DPIE, AFMA, ABARE and DoF, was charged with conducting the review. The Executive Director of the National Fishing Industry Council was invited to a number of task force meetings, and was invited to comment on various draft reports. The consultation arrangement specified that, as this was a Budget related review, attendance at the meetings and access to documentation was on the condition that confidentiality was maintained. This meant that the Executive Director of NFIC was not able to consult more widely with the industry. An independent consultant chaired the task force.

The terms of reference are reproduced in full at Appendix 1. In summary, the task force was asked to make recommendations on:

- whether AFMA's activities and functions have a legislative basis;
- the attribution of those activities and functions to specific user groups; and
- the recoverability of the costs associated with undertaking those activities and functions.

The task force was asked to make their assessments in accordance with the Commonwealth Government's principles of cost recovery and the objective of user pays. The administration of fisheries research is addressed in a separate Rural Research Review so was excluded from consideration here, except the identification of AFMA's costs associated with prioritisation of research.

## 2. THE CURRENT SITUATION IN AFMA

### 2.1 *Legislative Basis for AFMA Activities*

AFMA's primary role is to manage fishing activity and fisheries resources in Commonwealth managed fisheries.

The two main acts governing AFMA's operations are the *Fisheries Administration Act 1991* and the *Fisheries Management Act 1991*. The objectives and functions of AFMA defined in these acts are listed at Appendix 2.

In carrying out its functions, AFMA activities can be broadly categorised as:

- management of Commonwealth commercial fisheries;
- management of Commonwealth non-commercial fisheries;
- input into the management of fisheries under joint jurisdiction (Commonwealth/State/Territory) ;
- management input into bilateral fisheries;
- surveillance and enforcement of illegal foreign fishing inside the Australian Fishing Zone;
- Commonwealth requested participation in international fora;
- preparation of legislation and litigation-related activities;
- development of research priorities and identification of sources of funding; and
- publication and circulation of the magazine, *Australian Fisheries*.

### 2.2 *Current Cost Recovery Arrangements*

Under current Commonwealth cost recovery policy AFMA's costs are defined as recoverable or non-recoverable. Until the end of 1993-94 AFMA will collect 90% of recoverable management costs in Commonwealth fisheries. Management costs associated with licensed foreign fishing boats are fully recovered. Following a Government decision in the context of the 1993-94 Budget, AFMA is required to recover 100% of recoverable costs commencing 1994-95.

The current split of recoverable and non-recoverable activities is as follows:

#### Recoverable

- management costs related to domestic commercial fisheries
- management input into bilateral fisheries

#### Non-Recoverable (Partially Or Fully)

- development of management plans under the *Fisheries Management Act 1991*
- management costs related to non-commercial fisheries
- surveillance and enforcement of illegal foreign fishing in the Australian Fishing Zone (AFZ)
- *Australian Fisheries Magazine*
- participation in International fora
- management costs related to exploratory and developmental fisheries
- management input into fisheries under joint jurisdiction
- administration costs associated with the AFMA Board and Executive Secretariat
- costs associated with the Chief Economist and Chief Scientist positions

### 2.3 Allocation of AFMA Administrative Costs

Administrative activities within AFMA include: office services (eg rent); records management; financial management; human resource management; and information systems. The process for allocating AFMA administrative costs involves:

- distribution of non-administrative staff into either the recoverable or non-recoverable category;
- calculation of the per cent of non-administrative staff in the recoverable category and the non-recoverable category; and
- multiplication of the per cent of non-administrative staff in recoverable activities by total administrative costs to obtain the proportion of administration costs allocated to recoverable activities (likewise, the proportion of non-administrative staff in non-recoverable activities is used to calculate administration costs allocated to non-recoverable activities).

In 1993-94, from a total staff of 92, approximately 29 AFMA staff were involved directly in non-recoverable activities (see Table 7), 32 staff were employed to perform recoverable activities, and 31 staff undertook administrative activities. Costs associated with administrative staff were allocated to the recoverable and non-recoverable activities as follows: non-recoverable activities were assigned 48 per cent  $[29/(29+32)]$  of administration cost (\$3.8 million), and 52 per cent  $[32/(29+32)]$  of administration expense was allocated to recoverable activities.

### 3. REVIEW METHODOLOGY

#### 3.1 *Outline of the Commonwealth's User Pays Policy*

The Commonwealth has been progressively moving towards applying the principles of cost recovery in a wide range of administration and program delivery areas. This reform has been driven by recognition of improved efficiencies (largely in the form of regulated demand) to be achieved by charging users for the services they consume.

The application of cost recovery has been determined on a case-by-case basis taking into account the reason why the service is provided, the type of service provided and the beneficiaries of the particular programs.

The task force was asked, amongst other things, to develop a methodology for determining which AFMA costs should be recovered and which should not be recovered. The terms of reference specify that the cost recovery review was to take place "against the objective of user-pays and the principles of cost recovery." Therefore when beginning its review, the task force examined the Commonwealth's user-pays policy to obtain an overall framework within which to operate.

The task force was guided by policy statements which indicate that the principle behind the Commonwealth's user-pays policy is that users of government services should pay in proportion to the benefits they receive.

The 1989 Government policy statement on fisheries states:

".....in general the beneficiaries of services, including management controls, should meet the costs of those services. Consequently, industry should contribute to management costs in proportion to the benefits it receives." (*New Directions for Commonwealth Fisheries Management in the 1990s*, Commonwealth of Australia 1989, p 34)

The terms of reference for the Industry Commission's study into cost recovery requested that the Commission take into account:

".....the Government's policy that subject to it being cost effective to do so, the beneficiaries of services should contribute to the costs in proportion to the benefits received". (*Cost Recovery for Managing Fisheries*, Commonwealth of Australia 1992, p ix)

This principle forms the basis for the approach used in this review.

#### 3.2 *Methodology Adopted by the Task Force*

The task force adopted the following three stage approach in determining attribution and recoverability of AFMA's activities. The approach is illustrated in Appendix 3 and is described below.



- Stage 1 determination of appropriate functions to be performed by AFMA

The task force determined whether there was a legislative basis for AFMA undertaking its current activities. If activities could not be clearly related to legislation, the task force determined whether there was another justification for AFMA performing them, including whether it would be more efficient for AFMA to be contracted to provide the service.

- Stage 2 attribution of costs to user groups

The attribution of costs associated with a particular AFMA activity is the first step in assessing cost recoverability. The task force determined whether each of AFMA's current activities was attributable to the existence of a specific user group or whether it was attributable to the community at large. If an AFMA activity was necessitated by the presence of a particular user group, then that activity was considered to be attributable to that group. In practice, an activity was considered attributable to a specific user group if the response to the following question was "yes": Would the non-existence of a particular group eliminate the need for the AFMA activity in question?

- Stage 3 recoverability of costs

AFMA activities that had been attributed to specific user groups in Stage 2 were then examined to determine whether associated costs should be recovered from the user groups.

The following factors were considered in determining recoverability:

1. the extent of user group benefit from the activity;
2. consistency with Government cost recovery policy in other sectors;
3. the existence of extenuating socio-economic considerations;
4. the existence of government policy which impacts on the cost recoverability for a particular activity; and
5. the cost effectiveness of recovering the costs of any particular activity.

The first criterion reflects the Commonwealth's user-pays policy. The second criterion was important in helping the task force understand how the Commonwealth applies its user-pays policy in practice - unless there are clear reasons to do so, it was not felt that fisheries should be treated differently than other sectors. The third criterion was included to capture policy considerations other than the user-pays policy (eg protecting the traditional way of life of Torres Strait Islanders) that may influence the decision to recover costs. The fourth criterion reflects the fact that there may have been policy decisions in the past which now influence the recoverability of a particular cost. It follows then that if that policy decision is changed then the recoverability may change also.

A cost was defined as recoverable if it could be cost effectively collected and enforced.

## 4. APPLICATION OF METHODOLOGY

### 4.1 AFMA's Functions

Using the methodology outlined in Stage 1 the task force identified the functions/activities currently performed by AFMA and compared them to their legislative mandate as defined in the Fisheries Administration and Fisheries Management Acts of 1991.

The task force concluded that each of AFMA's current functions/activities has a legislative basis.

### 4.2 Attribution of Costs to User Groups

The conclusions of the task force regarding the attribution of AFMA's activities are summarised in Figure 2. The user group to which the activity is attributed is also specified. The basis for each conclusion is discussed below.

Figure 2: Attribution of AFMA's Activities

<i>Activity</i>	<i>User Group</i>
(a) Management of Commonwealth-managed commercial domestic fisheries	Commercial Fishers
(b) Management of non-commercial fisheries	Non-commercial Fishers Traditional Fishers, & other User Groups
(c) Management input into fisheries under joint jurisdiction (Commonwealth/State/Territory)	Commercial/ Non-commercial Fishers
(d) Management input into bilateral fisheries	Foreign Fishers
(e) Surveillance and enforcement of illegal foreign fishing inside the Australian Fishing Zone	Foreign Fishers
(f) Development of research priorities	Commercial/ Non-commercial Fishers
(g) Preparation of legislation and litigation-related activities	Commercial/ Non-commercial Fishers
(h) Participation in international fora	Commonwealth
(i) Publication and circulation of <i>Australian Fisheries</i>	Various Parties

(a) **Management of Commonwealth-managed commercial domestic fisheries**  
If there were no commercial harvesting activity in Commonwealth fisheries, the task force could see no reason why most domestic management activities (related to the commercial sector) would be required. In other words, it is the existence of the domestic commercial harvesting sector (and no other group) that generates the need for management of commercial activity.

However, even if all domestic resource exploitation stopped, the Commonwealth would still need to undertake (and pay for) a certain level of management. As the custodian of the resource, the Commonwealth would need to be involved in surveillance and enforcement activity related to illegal domestic activity. Therefore not all costs associated with management of the commercial sector could be avoided if the commercial sector did not exist; however, the task force did not estimate the corresponding level of unavoidable Commonwealth surveillance and enforcement expenditures. The task force attributes AFMA's activities in this area to the existence of commercial users.

(b) **Management of non-commercial fisheries**  
AFMA management activity related to non-commercial harvesting fishers, such as recreational fishers, charter vessels and traditional fishers was considered attributable to these user groups. As was the case in commercial fisheries, this finding directly flows from applying the existence criteria.

(c) **Management input into fisheries under joint jurisdiction (Commonwealth/State/Territory)**

The task force concluded that AFMA management input into fisheries under joint jurisdiction was attributable to the commercial and non-commercial user groups in these fisheries. If these user groups were not involved in resource exploitation, then AFMA expenditures in this area would not be necessary.

(d) **Management input into bilateral fisheries**

AFMA provides input into the management of foreign fishers permitted access into the Australian Fishing Zone under bilateral agreements with foreign governments. The existence of foreign fishers necessitates the management expense, and the task force concluded that the corresponding AFMA activities are attributable to foreign fishers.

(e) **Surveillance and enforcement of illegal foreign fishing in the Australian Fishing Zone**

AFMA activities related to surveillance, apprehension and prosecution of illegal foreign fishers operating in the Australian Fishing Zone are attributable to illegal foreign fishers, as it is their existence that requires the establishment of a foreign compliance program.

(f) **Development of research priorities**

If there were no commercial and non-commercial harvesting activity in Commonwealth-managed fisheries, AFMA's priority-setting activities would not be necessary. Therefore under the task force's attribution criterion, this activity is attributed to the commercial and non-commercial sectors.

(g) Preparation of legislation and litigation-related activities

Once again, most of AFMA's involvement in this area can be directly linked to the existence of commercial and non-commercial harvesting activity, and therefore the task force considered this expenditure category as attributable to these user groups. It is noted however that a portion of AFMA's legal activity is directed towards other activities such as illegal foreign fishing.

(h) Participation in international fora

From time to time AFMA is asked by the Commonwealth to participate in meetings of international fora, such as the Fisheries Committee of the OECD, FAO and various South Pacific institutions. AFMA's involvement at such meetings is unrelated to the existence of a domestic harvesting sector, but is attributable to the Commonwealth.

(i) Publication and circulation of *Australian Fisheries Magazine*

*Australian Fisheries* is a magazine dedicated to Commonwealth-managed fisheries issues. The magazine was first published in October 1941 as *Fisheries News-Letter*. *Australian Fisheries* is circulated free-of-charge to all Commonwealth-licensed commercial fishers. This policy has been in place since 1983, when it was announced by the then Minister for Primary Industry, Mr John Kerin and reflected the Government's social justice policy with regard to remote communities.

Members of the task force were not able to reach agreement on an appropriate attribution of the *Australian Fisheries Magazine*.

#### 4.3 Determination of Recoverable and Non-Recoverable Costs

Having attributed AFMA activities to various user groups, the task force examined whether the associated costs should or could be recovered. The logic underlying the conclusions of the task force concerning recoverability is detailed below. Figure 3 identifies various attributable functions and activities considered non-recoverable (partially or fully) by the task force.

As mentioned earlier (Section 3.2), the task force employed the following criteria to determine cost recoverability:

1. the extent of user group benefit from the activity;
2. consistency with Government cost recovery policy in other sectors;
3. the existence of extenuating socio-economic considerations;
4. the existence of government policy which impacts on the cost recoverability for a particular activity; and
5. the cost effectiveness of recovering the costs of any particular activity.

Figure 3: Non-recoverable Functions and Activities

<i>AFMA Function</i>	<i>Non Recoverable Item (fully or partially)</i>
(a) Management of Commonwealth-managed commercial domestic fisheries	Collapsed fisheries Exploratory/Devel. fisheries Management plans Domestic Compliance Prog*
(b) Management of Commonwealth-managed non-commercial fisheries	All associated costs
(c) Management input into fisheries under joint jurisdiction(Commonwealth/State/Territory)	OCS negotiations Management costs
(d) Surveillance and enforcement of illegal foreign fishing inside the Australian Fishing Zone	All associated costs
(e) Development of research priorities	All associated costs
(f) Preparation of legislation and litigation-related activities	All associated costs#
(g) Publication of <i>Australian Fisheries</i> magazine	All associated costs

\* The task force could not reach agreement on an appropriate level of recovery for this activity

# One exception which is discussed in the text below

(a) Management of Commonwealth-managed commercial domestic fisheries  
Within this broad AFMA function, the task force considered a number of activities to be fully or partially non-recoverable. These are discussed in detail below:

*Collapsed fisheries management costs*

For a number of reasons, Fish stocks occasionally exhibit large swings in resource availability which has mainly been attributed to overfishing. Recent research shows that unpredictable changes in environmental conditions, both natural and man made, may also contribute to such variations and to a collapse. When resource abundance dramatically drops, the commercial sector is faced with low earning capacity with which to cover management costs.

While there may be little or no commercial activity in a collapsed fishery, management costs will continue to be incurred for activities such as monitoring of stock levels, surveillance and enforcement requirements. In fact, unexpected stock reductions can result in greater management activity - eg, increased surveillance and enforcement requirements, and the need to develop and implement bycatch policy.

In a collapsed fishery it is likely that a number of fishers will become inactive. Key concerns with fully recovering management costs from industry in these circumstances relate to equity considerations and the incentives faced by those left in the fishery. It is likely to be inequitable to pass on the full management costs to operators remaining in a collapsed fishery if the cause of the collapse was overfishing by a larger group which had been exploiting the fishery. This will be particularly the case if operators are readily able to re-enter the fishery when it has recovered.

This problem may be partially overcome if operators had an incentive to invest in the recovery of the stock. In many fisheries such an incentive may not exist since operators do not necessarily have a long term right of access to the resource. Where property rights exist, operators are likely to have a greater incentive to attempt to prevent the collapse of the fishery, and to assist in the recovery process in the event of a collapse. This legitimate argument needs to be balanced with the recognition that current Government policy concerning property rights for fisheries recognises that the community at large and other specific users eg recreational fishers have a legitimate right of access to the resource.

The task force could not define a generic set of operationally useful criteria to determine the extent to which the Commonwealth should contribute to management costs in collapsed fisheries. It was agreed that AFMA and DPIE are best positioned to determine whether a fishery is in a collapsing state and should develop proposals on a case by case basis with respect to recovering management costs.

Section 5.1 provides a further discussion of Commonwealth contributions (to cover a portion of management costs) in the South East Fishery and Southern Shark Fishery, that have experienced significant declines in resource abundance for certain species to the point, in some cases, where quotas are set at zero to enable the fishery to recover.

#### *Exploratory and developmental fisheries*

There are fisheries where the extent of resource abundance, and consequently the appropriate level of harvesting effort, is unknown or is subject to great uncertainty - such fisheries are generally referred to as exploratory and developmental fisheries, respectively. By their very nature, such fisheries are less developed with the expectation of high future returns, but at a cost of losses in the short term. Information requirements to manage these fisheries properly are high, and the catch levels (and associated harvesting incomes) are frequently low. As a result, revenues earned from these fisheries do not always cover costs of operations or management costs in the short term.

As was the case for collapsed fisheries, it would be expected that if operators could be provided with a guarantee that they would capture any future benefits then they would have an incentive to bear the short term losses. One way of achieving this would be through provision of a stronger property right to exploit any resources discovered.

As such rights do not currently exist in exploratory and developmental fisheries, the task force concluded that management costs in such fisheries should not be fully recoverable. As with collapsed fisheries, the task force had difficulty defining generic and operationally useful criteria to determine the extent of recoverability of management costs. It was agreed that AFMA and DPIE are best positioned to determine whether a fishery is in a developing or exploratory state and should develop proposals with respect to recovering management costs.

It was noted, however, that management costs not covered by operators during the exploratory stage could legitimately be recovered by the Government in the future where a commercial fishery is eventually developed. The task force recognised that this may require amendment to current legislation.

#### *Development of management plans under the Fisheries Administration Act 1991*

Prior to the assent of the *Fisheries Administration Act 1991* and the *Fisheries Management Act 1991*, Commonwealth fisheries were managed under the *Fisheries Act 1952*.

Management plans existed under the 1952 legislation, but were not formally recognised under the *Fisheries Management Act 1991*. To establish a management plan under the 1991 legislation the Act requires AFMA to follow an explicit process that includes extensive consultation.

The task force concluded that the one-off costs related to development of management plans under the *Fisheries Management Act 1991* should be non-recoverable as there were few, if any, economic benefits to industry from re-introducing plans to accommodate changes in legislation. Once finalised and approved, ongoing costs necessary to maintain management plans should be recovered from the appropriate user groups.

#### *Domestic Compliance Program*

The task force considered that AFMA's domestic fisheries compliance program was partially recoverable. It was decided to divide the program into two components: surveillance and enforcement. Although somewhat simply put, surveillance covers activities related to the detection of 'unauthorised' or illegal activities, while enforcement activities are directed at apprehension and prosecution. The compliance program has benefits for both the commercial fishers and for the community at large.

The task force concluded that surveillance activity is recoverable because of the benefits to the commercial fishing industry in protecting their stock and because of the relative ease of identifying the most efficient level of demand and of controlling that level. The majority of the task force, with the exception of DoF, concluded that enforcement is non-recoverable. DoF considered that a change to current practice was not appropriate and that costs of enforcement should continue to be recovered from industry. However, DoF recognised that there was some justification for recovery to be partial rather than total and proposed a rate of 50% recovery for the costs of enforcement.

There are a number reasons behind the conclusion that enforcement activities should be non-recoverable.

According to the user-pays policy, users of services should pay for services in proportion to the benefits they receive. The task force could see no clear relationship between payments by individual fishers for enforcement-related criminal prosecution activities and subsequent economic benefits for individual fishers. Consider for example the South East Fishery. This fishery is comprised of large and small vessels, located in different geographical areas of Australia, catching different types of fish with different types of gear. It is impossible to determine benefit levels and corresponding user charge levels in such heterogeneous situations.

DoF disagreed with this view and noted that without enforcement the benefits of surveillance would not accrue (the other members of the task force noted that if this position is valid then the converse of this argument would also hold true). Improved resource security is dependent on the effective apprehension and prosecution of those identified through surveillance to be in breach of legislation. DoF also noted that while the complexities of certain fisheries such as South East Fishery (outlined above) may make recovery difficult it does not undermine recovery in all fisheries.

Charging the fishing sector for enforcement-related activities is not consistent with Commonwealth policy in most sectors of the economy. Law and order is generally seen as a government function due to its public good nature. DoF agreed with law and order being a government function, but believed compliance programs in domestic fisheries were not conducted in the general interest of law and order. Rather, they were undertaken for the protection of fish stocks, of direct benefit to domestic fishers. The task force also noted that after a cost recovery review of AQIS, enforcement activities were considered non-recoverable. Therefore, using second cost recovery criteria - consistency of application of user-pays policy across sectors - enforcement should be non-recoverable.

As the Commonwealth has not granted strong property rights in commercial fisheries, it would not be possible for current industry participants to capitalise on all economic gains from enforcement - especially for fish stocks that take years to rebound from illegal overfishing. Charging the commercial sector for enforcement in such a situation would not be consistent with benefit criteria. DoF see considerable short term benefits to occur from protection of fish stocks. While all economic gains may not accrue to those funding enforcement, this argument does not undermine the principle of partial recovery for enforcement.

The commercial harvesting sector, like other income earners, already pays taxes to receive criminal prosecution services from government. There is no clear reason why the fishing industry should pay additional charges to prosecute illegal activity that takes place with respect to Australia's marine resources. DoF recognises that just like all taxpayers, individuals in the commercial harvesting sector pay to receive criminal prosecution services from the Government. However, using general tax revenue to fund



enforcement activity that is not in the interest of general law and order, but rather for the benefit of the commercial harvesting sector, is not justified.

The task force recognised that it is difficult to separate the benefits of surveillance and enforcement but also noted that if the costs associated with enforcement were recovered from commercial fishers then industry would have a claim on any income and wealth - such as fines and asset confiscations - generated from successful prosecutions. There would be many practical difficulties in implementing such a claim therefore the majority of the task force considered that it would be unlikely to be cost effective to recover enforcement costs. DoF expressed concern about the incentives that would be created by returning fines and assets confiscated to the industry. However, the argument outlined is not seen by DoF to be a justification for non-recovery, as it is not a criteria agreed to be used by the task force in determining recovery. In addition, DoF emphasised that industry, by paying for a proportion of the cost of enforcement, are receiving direct benefits in terms of stock protection.

The majority of the task force noted the dissenting views of DoF but were not swayed by their arguments. In fact many of their arguments, if considered valid, could be applied to the surveillance component of the domestic compliance program. If that were the case and surveillance was also considered to be partially (50%) recoverable, the net cost to industry and the Commonwealth would be about the same as under the scenario that surveillance costs were 100% recoverable and enforcement costs were 100% non-recoverable.

**(b) Management of Commonwealth non-commercial fisheries**

Unlike the case with commercial fisheries, all activities associated with the management of non-commercial fisheries are considered non-recoverable by the task force. In this context non-commercial fisheries includes recreational and traditional subsistence fisheries.

The major difficulty in recovering non-commercial costs relates to the Commonwealth's user-pays policy which states that costs be recovered provided it is cost effective to do so. Given the divided jurisdictional responsibilities in non-commercial fisheries it is not feasible or cost-effective for AFMA to unilaterally develop cost recovery policy for just Commonwealth fisheries.

With respect to recreational fisheries, the Government did not agree to the recommendation of the IC report *Cost Recovery for Managing Fisheries* (1992) to introduce a licence fee of \$20 for all recreational fishers aged over 18. It was also decided that any decision relating to recreational fishing would be made jointly by Commonwealth and State/Territory Ministers after a national strategy report for recreational fishing was completed. The task force noted that a decision on cost recovery in recreational fisheries has not yet been made.

**(c) Management input into fisheries under joint jurisdiction (Commonwealth/State/Territory)**

The two major activities associated with the management of fisheries under joint jurisdiction are considered fully non-recoverable.

### *Jointly-managed fisheries*

There are 5 fisheries (Northern Territory Pearls, Western Australia Pearls, Western Australia Shark, Jack Mackerel and Torres Strait) in which AFMA shares jurisdictional management responsibilities.

NT Pearls, WA Pearls and WA Shark are managed under Commonwealth/State/Territory Joint Authorities. These fisheries are managed under State/Territory legislation. Since AFMA can only unilaterally impose cost recovery for concessions offered under the *Fisheries Management Act 1991*, costs cannot be recovered for its share of management expenses for these fisheries. As neither the Northern Territory nor Western Australia recover costs in these three fisheries, AFMA is not able to cooperatively recover attributable management costs.

Unlike the above Pearl and Shark fisheries, the Jack Mackerel Fishery (in Zone A), is managed by AFMA under informal co-management arrangements with Tasmania. Under recent OCS negotiations, it is proposed that a formal Joint Authority be established under Tasmanian law for the harvest of Jack Mackerel in Zone A.

Where a fishery is managed under State/Territory legislation, DoF were of the view that the Commonwealth, through AFMA, should pressure the States to recover management costs and that OCS negotiations should specifically cover cost recovery arrangements to ensure that Commonwealth management costs can be recovered from industry or the State/Territory.

In the Torres Strait Fishery, the Protected Zone Joint Authority (PZJA) has jurisdiction over the Australian component of the Torres Strait Protected Zone (TSPZ). The PZJA is a body comprised of the Commonwealth and Queensland Ministers responsible for fisheries.

The PZJA manages the following fisheries within the Australian component of the TSPZ: traditional fishing; those fisheries that Australia and Papua New Guinea have agreed to catch sharing arrangements in the TSPZ (prawns, Spanish mackerel, pearl shell, tropical rock lobster, dugong and turtle) and the barramundi fishery in specified territorial waters.

The Commonwealth and Queensland share the costs of managing the Australian portion of the TSPZ. AFMA currently does not recover Commonwealth costs associated with the PZJA. In light of the joint-management arrangements, it is not clear whether the Commonwealth could unilaterally impose cost recovery.

The prawn fishery is the only major commercial harvesting activity in the TSPZ. The remaining fisheries are mainly traditional activities, and it would appear that the third criteria with respect to cost recovery - socio-economic considerations - would seriously question the imposition of cost recovery for most species in the TSPZ. The Commonwealth's commitment to covering the costs associated with traditional fishing activities in the TSPZ was stated explicitly in the Second Reading speech by the then Minister of Primary Industries and Energy, Mr John Kerin, when introducing the Fisheries Bill:

"...the Government, as custodian of the marine resources of the Australian Fishing Zone, will always retain certain responsibilities and meet the costs associated with the management of those resources. Examples of such responsibilities are surveillance costs to detect illegal foreign fishing activities, and protecting the traditional way of life of Torres Strait Islanders in joint authority with Queensland and in Treaty with Papua New Guinea."

There still remains the question of whether the commercial prawn activity within the TSPZ should be cost recovered. The task force noted that an AFMA/Queensland Fish Management Authority working group has been established (and endorsed by the PZJA) to look at the issues of cost sharing, and the efficiency and effectiveness of management expenditures within the TSPZ. The working group is due to report in March/April 1994 and may draw conclusions concerning the recovery of management costs in the commercial prawn fishery.

DoF held the view that the commercial prawn fishery operating within TSPZ should be providing for the cost of its management and that the Commonwealth should seek agreement with Queensland in order to achieve cost recovery from the commercial prawn fishery.

#### *OCS negotiations*

AFMA participates in Offshore Constitutional Settlement (OCS) negotiations because it has legislative responsibilities to do so and because AFMA personnel have the technical expertise necessary for such negotiations.

The task force concluded that AFMA's OCS activities are non-recoverable because the Commonwealth's objective in OCS negotiations is not restricted to achieving maximum benefits to commercial fishers in Commonwealth-managed fisheries. As in any government-to-government negotiations, the objective is seldom to maximise benefits for any specific sector.

The OCS negotiations may result in a fishery being managed by a particular jurisdiction for a number of non-economic reasons. To ask commercial fishers in Commonwealth-managed fisheries to pay for AFMA's input into OCS negotiations is not consistent with the benefits approach explicit in the Commonwealth's user-pays policy. In any event it would be impossible to determine the specific beneficiaries of various OCS activities in a cost-effective manner.

The task force noted that if, as a result of negotiations, fisheries were to come under Commonwealth jurisdiction, AFMA would be positioned to recover management costs.

#### (d) Surveillance and enforcement of illegal foreign fishing activity inside the Australian Fishing Zone

On behalf of the Commonwealth, AFMA administers a compliance, apprehensions and prosecutions program related to illegal foreign fishing activity inside the Australian Fishing Zone.

The task force is of the view that the community is the major beneficiary (mostly in terms of territorial sovereignty) and thus the costs of the surveillance and enforcement program should be borne by the community.

While there exists an argument that the commercial fishing industry benefits from the exclusion of illegal foreign fishing activity from the Australian Fishing Zone (AFZ), it is important to note that many of the species harvested by illegal fishers are currently not of significant commercial value to the domestic fleet and in some instances are protected species. More importantly, under the 'existence' criteria, even if the domestic fishery did not exist, the Commonwealth would still have a surveillance and enforcement program in place to exclude illegal foreign fishing activity - for both sovereignty reasons and resource conservation obligations under the United Nations Law of the Sea Convention.

Finally, it is worth noting that the Commonwealth has acknowledged an obligation and permanent commitment to meeting the costs related to illegal foreign fishing.

(e) Development of research priorities

The *Fisheries Administration Act 1991* obligates AFMA to establish research priorities and arrange for funding. The cost of this activity can be attributed to commercial and non-commercial fishers. Although AFMA collects research funds from the industry and forwards those funds to the Fisheries Research and Development Corporation (FRDC), these funds are not directly available to AFMA. Commonwealth research funds, which are appropriated to the FRDC, are also not directly available to AFMA.

The task force noted that the FRDC has nominated AFMA as the Fisheries Research Advisory Body for Commonwealth fisheries. This role further involves AFMA in the research priority-setting and funding process. AFMA receives no direct funding for this activity.

AFMA currently covers the cost of performing its research priority-setting function by attributing it to the Commonwealth. The task force concluded that it may be more appropriate if some of the FRDC funds, contributed from Commonwealth fisheries, were used to finance the priority-setting activities mandated to AFMA. The task force also noted that the distinction between management and research, and the funding and institutional arrangements for these activities, is to be the subject of a review by DPIE and DoF later this year.

(f) Preparation of legislation and litigation related activities

As management plans under the *Fisheries Management Act 1991* are established, increased litigation under this Act can be expected. As AFMA has primary responsibility for setting the legislation, that is, while consulting broadly with industry, AFMA makes the final decision, litigation activity undertaken by AFMA is considered by the task force to be non-recoverable.

If AFMA were to continue to be the final decision making body for determining legislation this is appropriate. However, the recent report of a Senate Standing Committee, *Fisheries Reviewed*, recommends a greater role for Management Advisory Committees (MACs) in the day to day management of fisheries. If this were to occur, and industry were given an enhanced role in decision making in

regard to setting legislation, it may be reasonable to recover from industry some of the cost of defending such legislation.

As discussed in part (a) of this Section the development of management plans as a result of the *Fisheries Management Act 1991* is considered to be non-recoverable. However ongoing costs necessary to maintain or amend management should be recovered from appropriate user groups. These costs should include the cost of preparing legislative changes to the plans. The task force recognised that AFMA will not begin to recover such costs until management plans arising from the 1991 Act are finalised, and costs for their ongoing operation are being recovered from industry (in some cases not until 1996-97).

In addition, AFMA is required to defend the legislation under which it operates and prosecute illegal operators where necessary. AFMA has managed litigation under the *Fisheries Act 1952* on behalf of the Minister, whether that litigation arose from events prior to AFMA's establishment or from events under the continuing application of the 1952 Act after AFMA's establishment. All of the arguments concerning property rights, benefits, and fines and asset confiscation detailed earlier with respect to enforcement, apply to the non-recoverability of litigation-related activities.

AFMA liaises with and collects evidence for the Australian Government Solicitor on matters before the Administrative Appeals Tribunal, the Federal Court and the High Court. They are also involved in the preparation of delegations, notices, determinations and various subordinate legislation under the *Fisheries Management Act 1991*.

The task force considered these activities were non-recoverable for two reasons. First, it would be consistent with other cost recovery arrangements within the portfolio (legislation and litigation related activities are considered to be non-recoverable in AQIS). Second, there is no clear relationship between the magnitude of benefits for specific user groups and the costs - thus litigation and legislation are generally considered to be public goods.

**(g) Non-recoverable: Production of *Australian Fisheries* magazine**

The task force noted that it was current policy not to charge Commonwealth licensed fishers for the magazine and that this policy existed on social justice grounds in relation to communications and remote communities. It was also noted that some revenue is generated through subscriptions and advertising. The task force concluded that this activity was non-recoverable under current Government policy.

#### **4.4 Administrative Costs Allocation**

The task force examined two aspects concerning the attribution and recoverability of AFMA's administrative activity. First, there is the question of which activities should be considered administrative, and second, there is the issue of how administrative costs should be allocated both between recoverable and non-recoverable aggregates, and amongst the recoverable and non-recoverable sub-components.

The issue of which activities belong in administrative is considered first. In 1993/94, AFMA allocated the following activities to overhead: legal (excluding legal supplementation), communications (excluding *Australian Fisheries* magazine), information systems, human resource management, office services, records management, financial management and general managers.

The task force accepted the above components appropriately fell into administrative activities. However, the task force considered that activities related to the AFMA Board, the Managing Director and the Executive Secretariat were also best categorised as administrative. In addition it was concluded that one half of the Chief Economist's and Chief Scientist's activities were more appropriately apportioned to administration, the other half were considered non-recoverable.

Concerning the methodology for allocating administrative costs between recoverable and non-recoverable aggregates, as illustrated earlier, AFMA allocates overhead based on the proportion of direct personnel in each category. The logic for this approach is as follows. Rent, human resource services, records management and all other categories of overhead are more closely associated with employee numbers, than with salaries or overall costs. Therefore it was considered more appropriate to use employee numbers in dividing total administrative between recoverable and non-recoverable activities.

The task force accepted that allocation of administration expenses using staff numbers was the best procedure for human resource management, office services, records management, financial management, and information systems.

The task force considered that senior personnel within AFMA were likely to spend their time on AFMA activities that represent a larger share of the total budget. Activities that are financially less significant were likely to attract less input from senior personnel. It was thought that the *relative costs* of recoverable and non-recoverable activities (as opposed to the *relative number of staff* in recoverable and non-recoverable activities) would be more appropriate in allocating the costs associated with these administrative categories. The task force concluded that the costs associated with recoverable and non-recoverable activities would be a better measure (than staff numbers) for allocating the AFMA Board, the Managing Director, the Executive Secretariat, the General Managers, legal, the Chief Scientist, Chief Economist and communications.

## 5. APPLICATION AND IMPACT OF THE FINDINGS

The tables referred to in this Section are at Appendix 4.

### 5.1 Attribution and Recoverability of AFMA Activities

Table 1 to Table 6 illustrate the impact of the task force's findings and some activity changes, with the assumption that cost of enforcement is transferred 100% from recoverable to non-recoverable. Table 6a, which has not been seen by or agreed with other members of the task force, summarises the results of the task force findings with the assumption that 50% (rather than 100%) of the cost of enforcement are transferred from recoverable to non-recoverable.

In particular, Table 1 shows AFMA's 1993-94 budget under the current definition of recoverable and non-recoverable activities. Table 2 to Table 5 demonstrate the first-year through fourth-year impact on 1993-94 budget expenditures of introducing the task force's findings. And Table 6 summarises Table 1 to Table 5. It is important to realise that Table 2 through Table 5 are not forecasts of AFMA's budget, but they merely illustrate what AFMA's 1993-94 Budget would look like after introducing task force's findings.

#### **First-Year Impact - Table 2**

As is illustrated in Table 2 the first-year impact of the Task Force's findings results in a decline of roughly \$165,000 in recoverable costs (user-funded expenditures) and little change in non-recoverable costs (Commonwealth-funded activities). The following factors underlie the first-year impact.

- The direct costs associated with the AFMA Board, Managing Director, Executive Secretariat and one half on the expenditures related to the Chief Economist and Chief Scientist are moved from the non-recoverable to the administrative category.
- Direct enforcement expenditures are moved from recoverable to non-recoverable.
- Two thirds of legal section activity, which is related to legislation and litigation-related functions, is assigned as non-recoverable; and one third is moved to administrative activity.
- A new mechanism was introduced (as discussed in Section 4.4) to allocate administrative costs to recoverable and non-recoverable activities.
- Modifications to the licensing system, considered non-recoverable, were completed in 1993/94. As this expenditure is non-recurring, it has been included in the impact tables. This explains the roughly \$160,000 decline in the overall budget in Table 2 relative to Table 1.
- A proportion of the management costs associated with the Southern Shark Fishery and the South East Fishery were identified as non-recoverable due to declining resource abundance for individual species within each fishery, in some cases the quota has been set at zero to allow the fishery to recover (this is identified in the collapsed fishery column in the tables).

Also reflected in the tables are:

- The move from 90 per cent collection of recoverable costs to 100 per cent collection (as announced in the last Budget) is introduced.
- Direct non-recoverable costs related to the introduction of management plans and OCS negotiations are reduced by 33 per cent (reflecting reduced AFMA activity in these areas).

The second column of Table 6a shows the first year impact of the task force findings, with all factors outlined above the same, with the exception of enforcement. 50% (rather than 100%) of direct enforcement expenditures are

moved from recoverable to non-recoverable. The full effect of this change occurs in the first year. Recoverable costs in the first year impact increase by roughly \$712,000 and non-recoverable costs decrease by approximately \$872,000.

The impact of 50% recovery for enforcement is detailed in Table 6a. Moving from non-recovery to 50% recovery for enforcement results in a transfer of \$875,854 from the non-recoverable to recoverable category. As described in Section 4.4, associated with this change is a movement in administrative costs from non-recoverable to recoverable. Due to the complex manner by which administrative costs are distributed, the effect can only be accurately calculated using AFMA's spreadsheet packages. AFMA was not able, in the time available, to produce data in parallel with Tables 1 to 6, to accurately reflect the full effect of 50% recovery for enforcement (including movements in the distribution of administrative costs). Therefore, the best estimate from DoF for the change in distribution of administrative costs, included in Table 6a, is a transfer of \$22,706 from non-recoverable to recoverable.

#### **Second-Year Impact - Table 3**

Table 3 shows that the second-year impact of the task force's findings result in an approximate \$127,000 increase in recoverable costs (relative to the current situation, as outlined in Table 1) and a \$287,000 decline in non-recoverable costs.

The difference between the second- and first-year impact is due to the following factors.

- Direct non-recoverable costs related to the introduction of management plans and OCS negotiations are reduced by a further 33 per cent (reflecting reduced AFMA activity in these areas).
- Changes in the allocation of administrative costs to recoverable and non-recoverable activities occur due to the above changes in management plan and OCS expenditures (see Section 4.4 for a discussion on allocation of administrative costs).

#### **Third-Year and Fourth-Year Impact - Table 4 and Table 5**

Table 4 illustrates the third-year impact, which shows recoverable costs increasing by roughly \$420,000 and non-recoverable costs declining by \$580,000 (relative to Table 1 - the current 1993/94 situation).

The difference between the third- and second-year impact is due to the following factors.

- Direct non-recoverable costs related to the introduction of management plans and OCS negotiations are eliminated, as management plans are assumed to be in place and OCS negotiations are assumed to be completed.
- Changes in the allocation of administrative costs to recoverable and non-recoverable activities occur due to the above changes in management plan and OCS expenditures.

The fourth-year impact is detailed in Table 5. All of the task force's findings are introduced by the third year, therefore the fourth-year impact (recoverable costs



up by \$420,000 and non-recoverable costs down by \$580,000) is identical to the third-year impact.

In summary, the task force concluded that the impact of their various findings on recoverable and non-recoverable costs offset each other. While Commonwealth expenditures (in the form of non-recoverable costs) declined by \$580,000, this is almost completely explained by the \$500,000 reduction in non-recoverable costs due to the move from 90 per cent to 100 per cent cost recovery.

## *5.2 Allocation of Administrative Costs*

Table 8 identifies the amount of administrative expenses to be allocated across functions by activity.

Table 7 identifies the staff resources allocated to each activity in full time equivalents showing the changes in treatment of the Executive staff, Chief Economist and Chief Scientist, litigation and enforcement.

The allocation of administrative expenses was done as follows:

- The value of financial management, human resources, office services and records management information systems was distributed on the basis of direct employment allocation to each activity within AFMA as defined by Table 7.
- One half of the costs associated with the Chief Economist and Chief Scientist was considered non-recoverable. The other half was allocated to administrative costs and distributed between recoverable and non-recoverable based on dollar values.
- The remaining costs representing the AFMA Board, Managing Director, Executive Secretariat, policy, communications and 1/3 of the legal section have been allocated on the basis of total direct recoverable and non-recoverable costs.

## *5.3 Adjustment Process*

The terms of reference specified that if the review identified any changes to cost recovery charges the task force should devise an appropriate strategy to phase-in those charges over the period 1994-95 to 1996-97.

As there are dissenting views concerning the treatment of the recoverability of enforcement costs there are essentially two options for an adjustment process.

### *Option 1*

This is the option supported by the conclusions of the majority of the task force.

As shown in Table 6, and discussed in Section 5.1, the impact of the conclusions of the task force on 1993-94 budgeted expenditures is to reduce non-recoverable costs by \$0.58 million and to increase recoverable costs by \$0.42 million.

The move from 90% to 100% cost recovery announced in the 1993-94 Budget to take effect from 1994-95 is responsible for a shift of approximately \$0.5 million from non-recoverable to recoverable (shown in Table 2).

The impact of the other task force findings essentially offset each other and as a result the task force concluded that it was not necessary to develop an adjustment process.

## Option 2

This option outlines the preferred process if enforcement were to be considered to be partially (50%) recoverable. Table 6a shows the estimated effect of the task force findings on 1993-94 budgeted expenditures, if enforcement is 50% recoverable rather than non-recoverable. Non-recoverable costs decrease by \$1.46m and recoverable costs increase by \$1.30m. As discussed above, the move from 90% to 100% cost recovery is responsible for a shift of approximately \$0.5m from non-recoverable to recoverable. Therefore, under this scenario, the net result of the task force findings is an increase in recoverable costs of \$0.80m and a decrease in non-recoverable costs of \$0.96m.

If DoF's position on enforcement is preferred then the impact of the task force findings no longer offset each other and an adjustment process would be necessary. It would be appropriate to phase in adjustments in equitable steps over three years as follows:

Year 1	35%	(\$0.8 million)
Year 2	70%	(\$1.1 million)
Year 3	100%	(\$1.3 million)

This adjustment includes the \$0.5 million to be recovered from industry as a result of the increased cost recovery announced in the 1993-94 Budget.

## 6. CHARGING MECHANISM

Currently, industry costs are recovered by means of several pieces of legislation; *Fishing Levy Act 1991*, *Statutory Fishing Rights Charge Act 1991*, *Foreign Fishing Licences Levy Act 1991*, *Fisheries Agreements (Payments) Act 1991* and *Fisheries Levy Act 1984*. These Acts provide for the introduction of Regulations to impose levies, fees and charges on holders of fishing concessions under the *Fisheries Management Act 1991*.

The split of the total fishery management costs between operators in a given fishery is designed to share the cost burden in the most equitable way. Levies on individual fishing concession holders can be based on a variety of fishing parameters, dependent on the type of management arrangements in place for a fishery.

In practice, this means that an individual fisher's share (levy) of the total management cost is equivalent to the allocation of the total effort in an input controlled fishery, or the share of the total catch in an output controlled fishery.

As an example, in the input controlled Southern Shark Fishery, operators are allocated between 2 and 10 standard 420 metre lengths of gillnet (or gillnet 'units'). The levy is charged on a per gillnet unit basis. Thus a fisher who could use 10 gillnet units would pay five times as much management levy as a fisher who is allocated 2 gillnet units.

An example of an output controlled fishery is the South East Fishery (SEF). Participants in this fishery have each been allocated a share (or individual catch quota) of the total catch of 16 different fish species. Each fisher pays a portion of the total SEF management costs equivalent to their allocated share of the total annual catch of each of the species.

With regard to the question of equity in the collection of management costs, the task force noted that the basis for setting levies in any given financial year is done by AFMA in consultation with the operators in that fishery, and is subject to ongoing scrutiny and review by the industry.

The task force concluded that industry scrutiny on an ongoing basis was the appropriate way to achieve equity in the method of collecting management costs. The task force agreed that any decision regarding changes to the method of the collection of levies should be negotiated between AFMA and the relevant industry members.

## 7. COST RECOVERY AND RENT CHARGES

While the task force was not specifically asked to examine the issue of resource rent the issue of cost recovery should not be considered without touching upon a consequence of implementing resource rent charges.

As stated earlier, the Commonwealth's user-pays policy is that users of Commonwealth services should pay for services in proportion to the benefits they receive. The economic benefit of effective fisheries management is the creation of resource rent.

This point is acknowledged in ABARE's submission to the Industry Commission's cost recovery review:

"The fact that commercial fishers can derive economic benefits from fisheries management programs is well established. These benefits are in the form of resource rents..." (Submission 91.4 to the Industry Commission: Cost Recovery for Managing Fisheries, Commonwealth of Australia 1991, p 1)

An important consequence of the Commonwealth's user-pays policy is that the recoverable fisheries management costs identified above by the task force would become non-recoverable in a situation where the Commonwealth imposed complete resource rent charges. This point is also noted by ABARE in the above Industry Commission submission (p 2):

"If, however, a resource rent charge is introduced in a fishery, to capture for society as a whole a proportion of the benefits of management, a

proportionate increase in the contribution of the Commonwealth to management costs is warranted."

#### 8. EFFICIENCY AND EFFECTIVENESS

The task force did not consider AFMA's efficiency and effectiveness in undertaking its various legislative activities. It was noted that the second reading speech for AFMA's enabling legislation foreshadowed a review of AFMA's overall performance after five years of operation. This review will take an in-depth look at efficiency and effectiveness issues.

The task force considered that the level of administrative expenditure in AFMA to be very high. It is suggested that AFMA in consultation with industry examine the level of administration costs with a view to reducing the proportion of its budget spent on administration.

It was also noted that there may be some scope for increasing the efficiency of the production and publication of *Australian Fisheries* magazine. While recognising that under current Government policy the magazine is provided free of charge, the high level of expenditure associated with its production was of some concern. Although the task force was not able to look at this issue it was agreed that AFMA was best positioned to look at options for the future of the magazine, including the possibility of commercialising the operation. Options for the continued operation of the magazine should be referred to the Minister for Resources through the AFMA Board.

## THE TERMS OF REFERENCE

The review is to examine each function or category of management cost comprising AFMA's total budget and determine whether it is attributable to industry or to the community. In so doing the review will take into account the following guidelines:

- . management costs attributable to industry are those costs incurred because of the existence of commercial fishing and relate primarily to the development, implementation and review of fisheries management arrangements, including the cost of management to sustain the fishery resource for the long term viability of the fishing industry and the cost of fishery specific research; and
- . non attributable management costs relate to Government activities which do not produce benefits for industry but which might be undertaken as community service obligations.

The cost of fisheries management provided by AFMA is influenced by a range of other factors. The review should take these factors into account including:

- . the efficiency and effectiveness of AFMA's expenditure in various categories;
- . the trends in AFMA's total expenditure reflecting priorities set out in its annual and long term work plans compared to existing Forward Estimates (which are derived from adjustments to an ongoing level of funding per annum); and
- . the type of revenue measure which is the appropriate economic charge to be imposed on fishers to recover a given amount of management related costs attributable to industry including consideration of different levy charges.

As part of its methodology the review will:

- . determine a suitably comprehensive list of fisheries management functions and decide whether the function is carried out on behalf of industry or Government;
- . indicate whether the attribution of cost categories varies across fisheries;
- . allocate overhead costs in the most appropriate economic manner;
- . have regard to the Government's established economic, social and environmental objectives; and
- . have regard to any relevant recent studies and reviews of cost recovery issues in the Commonwealth.

## AFMA'S LEGISLATIVE OBJECTIVES AND FUNCTIONS

### Objectives

6. The Authority, in the performance of its functions, must pursue the objectives of:

- (a) implementing efficient and cost-effective fisheries management on behalf of the Commonwealth; and
- (b) ensuring that the exploitation of fisheries resources and the carrying on of any related activities are conducted in a manner consistent with the principles of ecologically sustainable development, in particular the need to have regard to the impact of fishing activities on non-target species and the marine environment; and
- (c) maximising economic efficiency in the exploitation of fisheries resources; and
- (d) ensuring accountability to the fishing industry and to the Australian community in the Authority's management of fisheries resources; and
- (e) achieving government targets in relation to the recovery of the costs of the Authority.

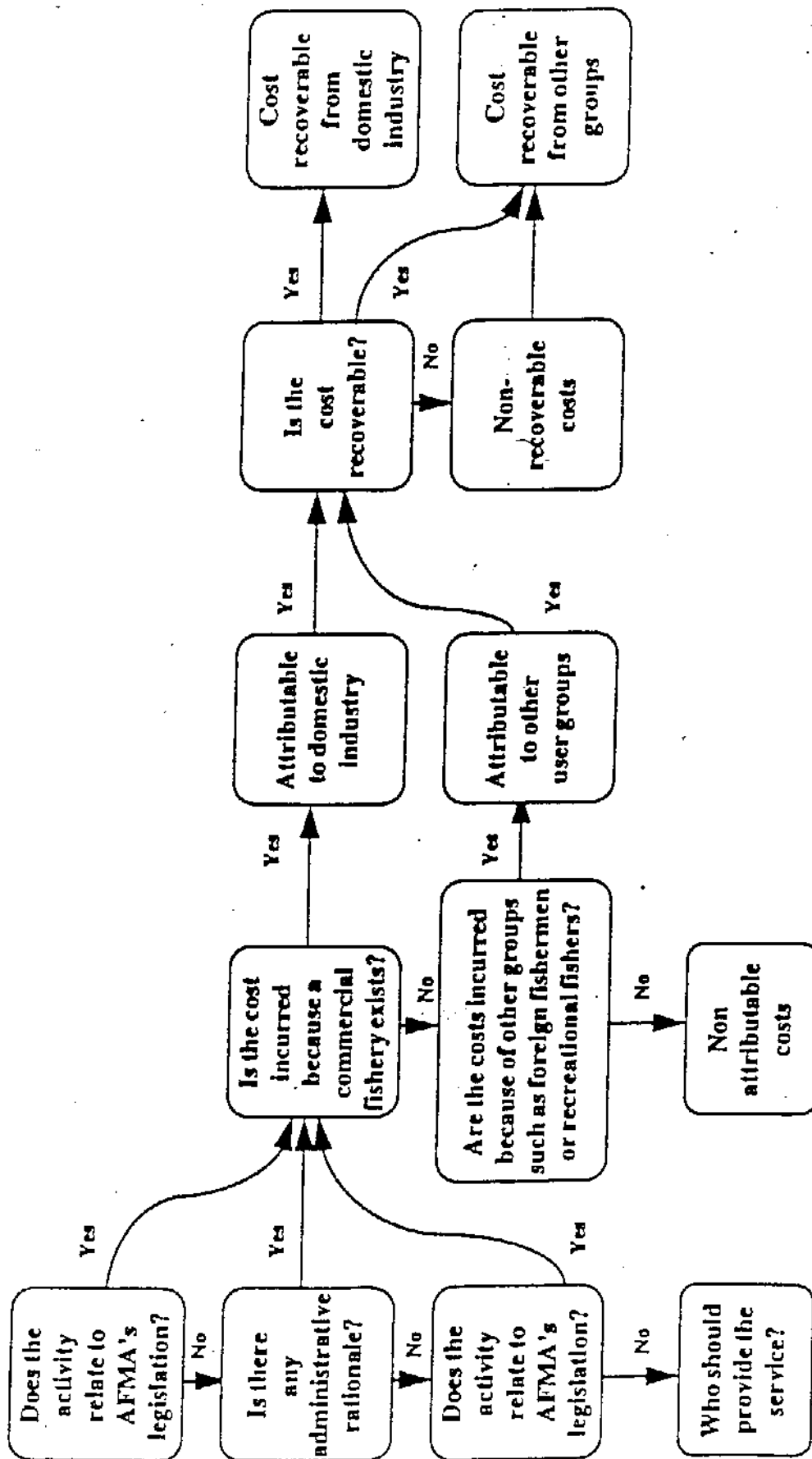
### Functions

7. The Authority has the following functions:

- (a) to devise management regimes in relation to Australian fisheries;
- (b) to devise fisheries adjustment programs and fisheries restructuring programs;
- (c) to consult, and co-operate, with the industry and members of the public generally in relation to the activities of the Authority;
- (d) to devise exploratory and feasibility programs relating to fishing;
- (e) to establish priorities in respect of research relating to fisheries managed by the Authority and arrange for the undertaking of such research;
- (f) to consult, and negotiate, with foreign governments and foreign business interests in relation to access by foreign fishing vessels to Australian fisheries and Australian ports;
- (g) to consult, and exchange information, with overseas bodies having functions similar to the Authority's functions;
- (h) the functions specified in section 9 relating to consultation;
- (j) the functions specified in Division 7 relating to corporate plans and annual operational plans;
- (k) the functions specified in section 63H of the *Audit Act 1901*, and in this Part, relating to reporting;
- (m) as provided by an associated law:
  - (i) to establish and allocate fishing rights;
  - (ii) to establish and maintain a register of fishing rights;
  - (iii) functions relating to plans of management;
  - (iv) functions relating to recreational fishing;
  - (v) to undertake, on behalf of the Commonwealth, management responsibilities in relation to fisheries management arrangements entered into with the States and Territories;
  - (vi) to collect, on behalf of the Commonwealth, a payment in the nature of a community return payable by persons exploiting fisheries resources;
- (n) such other functions as are conferred on the Authority by or under this Act or an associated law.

## A three step process for determining AFMA's recoverable costs

## APPENDIX 3



## TABLES USED BY THE TASK FORCE

**Attribution & Recoverability Of AFMA Activities**

Table 1.	1993-94 Actual
Table 2.	1st year impact
Table 3.	2nd year impact
Table 4.	3rd year impact
Table 5.	4th year impact
Table 6	Summary
Table 6a	Summary (assuming enforcement is 50% recoverable)

**Allocation of Administrative Costs**

Table 7	Direct employment allocation
Table 8	Summary of Administrative expenses to be allocated



TABLE I  
ATTRIBUTION AND RECOVERABILITY OF AFMA ACTIVITIES  
1991/94 Actual

1991/94 Actual																				
	Total	Direct	Admin.	Attributable to the Commercial Sector										Attributable to Other User Groups				Attrib. to Community Recoverable	Non-Recoverable	
				Recoverable	Total Non-Recoverable	10% of Recov. Policy	Non-Recoverable Categories						Research Priorities	Total Recoverable	Non-Recreation Fisheries	Tradition. Fisheries	Illegal Foreign Fishing			
							Collapsed Fisheries	Explored/Develop. Fisheries	Manage. Plans	Enforce.	Joint Jurisdiction Fisheries	OCS Manage.					Illegal Foreign Fishing			Fishing
AFMA Board, Managing Director and Executive Secretariat	1,044,576	821,729	216,847																1,044,576	
Chief Economist	183,034	121,272	61,757																183,034	
Chief Scientist	229,445	167,688	61,757																229,445	
Legislation and Litigation	234,000	234,000			234,000															
National Fisheries Magazine	461,557	461,557																		
Illegal Foreign Fishing Compliance																				
FFV Apprehension	721,806	651,574	70,233														721,806			
AF2 Surveillance	1,430,021	1,359,789	70,233														1,430,021			
Input into Joint Jurisdiction Fisheries																				
Torres Strait	2,032,115	1,593,530	438,585														2,032,115			
NT Pearls	6,724	4,423	2,301		6,724							6,724								
WA Pearls	11,985	8,097	3,888		11,985							11,985					11,985			
Jack MacKerrel	114,706	59,318	55,388		114,706							114,706								
WA Shark	14,650	14,650			14,650							14,650								
Participation in International Fora																				
South Pacific	120,137	58,191	61,946																120,137	
Bilateral Fisheries Management																				
Bilateral Fisheries	2,330,142	1,962,090	368,052		15,365							15,365					2,314,777			
Commonwealth Fisheries Management																				
Bass Strait Scallop	300,211	221,359	78,852		234,550	20,293			25,062		20,307									
Broome Prawn	29,877	28,391	1,486		26,890	2,987														
Cocos/Christmas	31,998	17,106	14,892		31,998			30,067						1,931						
East Coast Line	64,978	36,746	28,232		21,960	2,438			34,589		4,593			1,398						
East Coast Crust.	34,412	21,998	12,414		9,953	1,106			20,996		1,804			553						
East Coast Trawl	49,926	29,957	19,969		24,719	2,746			20,405		1,600			456						
East Coast Tuna	501,556	364,747	136,809		395,202	38,995			51,687		12,312			3,355						
GAB	113,236	81,999	31,237		89,363	9,177		583	9,282		11,680			4,831						
Joint Ventures	1,472,339	1,217,131	255,208		1,460,659															
Norfolk Island	8,550	6,074	2,476		8,550			8,550												
North West Shelf	60,471	31,873	22,598		23,814	2,646			24,695		7,292			1,824						
Northern Fish Trawl	49,098	28,806	20,492		38,868			33,686												
NPF	1,265,215	954,040	311,175		1,066,808	104,039			63,991		23,641			6,736						
Northern Shark	84,826	41,854	42,972		47,840			24,286												
Other Tuna	57,098	29,986	27,112		36,986			57,098												
SEF	2,572,004	1,887,307	684,697		1,977,020	199,493			260,351		72,938			61,802						
SDT	674,991	556,382	118,609		555,414	56,921			40,481		19,195			2,981						
Southern Shark	965,532	748,473	217,049		666,357	64,711			183,803		29,031			21,620						
Western Deepwater	56,944	34,346	22,598		20,754	2,306			24,754		7,304			1,827						
Other Export/Devel. Fisheries	641,364	321,249	320,115		309,000	312,364														
Other Activities																				
Licensing System Modifications	160,000	160,000																	160,000	
TOTAL	18,129,516	14,349,636	3,779,980	6,940,532	2,491,515	508,258		486,634	760,297	734,000	248,949	148,763	109,313	7,314,777					18,129,516	

TABLE 2  
ATTRIBUTION AND RECOVERABILITY OF AFMA ACTIVITIES  
1991/92 First Year Impact

1993/94 First Year Impact																			
	Total	Direct	Admin.	Attributable to the Commercial Sector										Attributable to Other User Groups					Atrrib. to Community
				Recoverable	Non-Recoverable	10% of Recov. Policy	Non-Recoverable Categories						Total Non-Recoverable	Recreation Fisheries	Trib. Fisheries	Illegal Foreign			
							Collapsed Fisheries	Explor/Develop. Fisheries	Manage. Plans Fisheries	Enforce. OCS	Joint Jurisdiction Fisheries	Research Priorities							
APMA Board, Managing Director and Executive Secretariat																			
Chief Economist	101,088	60,639	40,450	67,392			33,696	33,696					33,696						
Chief Scientist	127,336	83,844	43,492	84,891			42,445	42,445					42,445						
Legislation and Litigation	474,394	332,994	141,400	474,394						474,394									
Investigation Fisheries Magazine	643,270	461,557	181,713															100,000	543,270
Illegal Foreign Fishing Compliance																			
FFV Application	775,115	651,574	123,542																
AFZ Surveillance	1,575,689	1,359,789	715,901																
Input into Joint Jurisdiction Fisheries																			
Torres Strait	2,085,900	1,593,530	492,370																
NI Pearls	6,469	4,423	2,045	6,469								6,469							
WA Pearls	11,602	8,097	3,505	11,602								11,602							
Jack Mackerel	101,989	59,318	42,671	101,989								101,989							
WA Shark	16,571	14,650	1,921	16,571								16,571							
Participation in International Fora																			
South Pacific	194,917	58,191	46,726																104,917
Bilateral Fisheries Management																			
Bilateral Fisheries	2,417,185	1,962,090	455,095											2,417,185					
Commonwealth Fisheries Management																			
Bass Strait Scallop	308,576	221,359	88,217	260,722	48,854				15,910	20,052	12,852								
Broomie Prawn	30,683	28,391	2,292	23,896	6,787					6,787									
Cocos/Christmas	31,567	17,106	14,461	31,567				29,183											
East Coast Line	70,181	36,746	33,435	39,846	30,335				23,419		3,375								
East Coast Crust.	37,333	21,998	15,335	19,884	17,449				13,504		1,332	612							
East Coast Trawl	52,110	29,957	22,153	35,272	16,838				15,144		1,187	507							
East Coast Tuna	372,948	364,747	168,201	286,693	117,290				40,972	62,565	9,765	3,989							
GAB	115,048	81,999	33,049	99,546	15,502				583	6,174	3,925	4,820					128,965		
Joint Ventures	1,542,024	1,217,131	324,493	1,542,024															
Norfolk Island	8,336	6,074	2,262	8,336															
North West Shelf	64,631	37,873	26,758	38,846	25,785				18,381		5,384	2,020							
Northern Fish Trawl	49,059	28,606	20,453	11,286	37,773				34,259		3,513								
NPF	1,349,385	954,040	395,345	1,055,949	293,436				36,000	238,451	13,300	5,685							
Northern Shark	85,421	41,854	43,567	51,405	34,016				25,223		8,793								
Other Tuna	51,022	29,986	21,036	51,022					51,022										
SEF	2,774,210	1,887,307	886,903	1,731,357	1,042,852				143,074	734,462	40,083	50,944							
SET	736,269	536,382	179,887	469,402	265,552				23,112	228,728	10,959	2,553							
Southern Shark	1,044,589	748,473	286,116	665,687	378,902				111,943	210,697	17,681	19,751							
Western Deepwater	61,092	34,346	26,746	35,402	25,690				18,275		5,392	2,023							
Other Explor/Devel. Fisheries	582,481	321,249	261,232	306,232	276,250				276,250										
Other Activities																			
Licensing System Modifications																			
TOTAL	17,969,491	13,316,319	8,653,172	6,673,448	3,487,344		169,261	500,998	469,908	1,980,061	133,656	96,828	2,417,185	4,643,326	130,486	2,162,042	2,350,803	100,000	648,181

TABLE 3  
ATTITUDES AND RECOVERABILITY OF AFMA ACTIVITIES  
1993/94 Second Year Impact

	Total	Direct	Admin.	Attributable to the Commercial Sector										Attributable to Other User Groups					Attrib. to Community	
				Recoverable	Non-Recoverable	10% of Recov. Policy	Non-Recoverable Categories						Research Priorities	Total Recoverable	Non-Recov.	Non-Res. Category			Recoverable	Non-Recoverable
							Exploratory Fisheries	Develop. Fisheries	Manage. Plans	Enforce.	Joint Jurisdiction Fisheries	OCS Manage.				Recreation Fisheries	Tradition Fisheries	Illegal Foreign Fishing		
AFMA Board, Managing Director and Executive Secretariat																				
Chief Economist	101,088	60,639	40,450	67,392	33,696															
Chief Scientist	127,336	83,844	43,492	84,891	42,445															
Legislation and Liaison	474,394	332,994	141,400	474,394						474,394										
Australian Fisheries Magazine	643,270	461,557	181,713																	
Illegal Foreign Fishing Compliance																				
FFV Approver/Supervisor	775,115	651,574	123,542																	
AFZ Surveillance	1,575,689	1,359,789	215,901																	
Input into Joint Jurisdiction Fisheries																				
Torres Strait	2,085,900	1,593,530	492,370																	
NT Pearls	6,469	4,423	2,046	6,469								6,469								
WA Pearls	11,602	8,097	3,505	11,602								11,602								
Jack Maclellan	101,989	59,318	42,671	101,989								101,989								
WA Shark	16,571	14,650	1,921	16,571								16,571								
Participation in International Fora																				
South Pacific	104,917	58,191	46,726																	
Bilateral Fisheries Management																				
Bilateral Fisheries	2,415,518	1,962,090	453,428											2,415,518						
Commonwealth Fisheries Management																				
Bass Strait Scallop	311,134	221,359	89,775	34,453	276,681					7,955	20,052	6,446								
Broome Prawn	30,679	28,391	2,288	6,787	23,893					6,787										
Cocos/Christmas	31,567	17,106	14,461	31,567																
East Coast Line	21,750	36,746	35,004	55,812	15,938															
East Coast Crust.	37,894	21,998	15,896	28,863	9,031															
East Coast Trawl	52,271	29,957	22,314	43,598	8,673															
East Coast Tuna	531,696	364,747	166,949	303,836	98,895															
GAB	115,483	81,999	33,484	103,051	12,431															
Joint Ventures	1,540,803	1,217,131	323,672	1,540,803																
Norfolk Island	8,336	6,074	2,262	8,336																
North West Shelf	65,428	37,873	27,555	51,526	13,902															
Northern Fish Trawl	48,942	28,606	20,336	35,835	13,107															
NPF	1,348,523	954,040	394,483	1,079,737	268,786															
Northern Shark	85,530	41,854	43,676	56,219	29,311															
Other Tuna	51,022	29,986	21,036	51,022																
SEF	2,272,466	1,887,307	885,159	951,280	1,819,187															
SET	235,069	556,382	178,687	485,225	248,328															
Southern Shark	1,046,982	748,473	298,509	731,204	315,778															
Western Deepwater	61,894	34,346	27,548	13,857	48,038															
Other Explor/Devel. Fisheries	582,162	321,249	260,913	305,912	276,250															
Other Activities																				
Licensing System Modifications																				
TOTAL	17,969,491	13,316,319	4,653,172	6,966,694	3,195,765		169,261	500,563	236,996	1,987,706	67,240	136,631	97,367	2,415,518	4,643,326	130,480	2,162,042	2,350,805	100,000	648,187

TABLE 4

## ATTRIBUTION AND RECOVERABILITY OF AFMA ACTIVITIES

1993/94 Third Year Impact

	Total	Direct	Admin.	Attributable to the Commercial Sector										Attributable to Other User Groups				Attrib. to Community	
				Recoverable	Total Non-Recoverable	10% of Recov. Policy	Non-Recoverable Categories					Research Priorities	Total Recoverable	Non-Recreation Fisheries	Tradition Fisheries	Illegal Foreign Fishing	Recoverable	Non-Recoverable	
							Collapsed Fisheries	Exploratory Develop. Fisheries	Manage Fisheries	Enforce. Plans	Joint Jurisdiction Fisheries								OCS Manage.
AFMA Board, Managing Director and Executive Secretariat																			
Chief Economist	101,088	60,639	40,450	67,392	33,696	33,696									33,696				
Chief Scientist	127,336	83,844	43,492	84,891	42,445	42,445									42,445				
Legislation and Litigation	474,394	332,894	141,400	474,394						474,394									
Australian Fisheries Magazine	643,270	461,557	181,713															100,000	543,270
Illegal Foreign Fishing Compliance																			
FFV Apprehension	775,115	651,574	123,542																
AFZ Surveillance	1,575,689	1,359,789	215,901																
Input into Joint Jurisdiction Fisheries																			
Torres Strait	2,085,900	1,593,530	492,370																
NT Pearls	6,469	4,423	2,046	6,469							6,469								
WA Pearls	11,602	8,097	3,505	11,602							11,602								
Jack Mackerel	101,989	59,318	42,671	101,989							101,989								
WA Shark	16,571	14,650	1,921	16,571							16,571								
Participation in International Fora																			
South Pacific	104,917	58,191	46,726																104,917
Bilateral Fisheries Management																			
Bilateral Fisheries	2,413,922	1,962,090	451,832																
Commonwealth Fisheries Management																			
East Strait Scallop	312,670	221,359	91,311	292,619						20,052									
Buonome Prawn	30,676	28,391	2,285	23,890	6,787					6,787									
Cocos/Christmas	31,567	17,106	14,461	31,567															
East Coast Line	73,291	36,746	36,545	71,750	1,541					29,183									
East Coast Crust	38,441	21,998	16,443	37,829	612														
East Coast Trawl	52,424	29,957	22,467	51,917	507														
East Coast Tuna	530,451	364,747	165,704	320,987	80,499					75,674									
GAB	115,913	81,999	33,914	106,553	9,360					3,939									
Joint Ventures	1,539,632	1,217,131	322,501	1,539,632															
Norfolk Island	8,335	6,074	2,262	8,336															
North West Shelf	66,207	37,873	28,334	64,187	2,020														
Northern Fish Trawl	48,827	28,606	20,221	14,929	33,898														
NPF	1,347,684	954,040	393,644	1,103,549	244,136					238,451									
Northern Shark	85,638	41,854	43,784	61,032	24,606														
Other Tuna	51,022	29,986	21,036	51,022															
SEF	2,770,723	1,887,307	883,416	1,907,016	863,707														
SBT	733,877	556,382	177,495	501,638	231,304														
Southern Shark	1,049,305	748,473	300,832	798,652	252,654														
Western Deepwater	62,678	34,346	28,332	60,655	2,023														
Other Exploit/Devel. Fisheries	581,865	321,249	260,616	305,615	276,250														
Other Activities																			
Licensing System Modifications																			
TOTAL	17,969,491	13,316,319	4,653,172	7,259,869	2,904,187					2,000,044		136,631	2,413,922	4,643,326	130,480	2,162,042	2,350,805	100,000	648,117

TABLE 5  
ATTRIBUTION AND RECOVERABILITY OF AFMA ACTIVITIES  
1993/94 Fourth Year Impact

1993/94 Fourth Year Impact																				
	Total	Direct	Admin.	Attributable to the Commercial Sector										Attributable to Other User Groups					Attrib. to Community	
				Recoverable	Non-Recoverable	10% of Recov. Policy	Non-Recoverable Categories					Research Priorities	Total Non-Recoverable	Recoverable	Total	Non-Rec. Category			Recoverable	Non-Recoverable
							Collapsed Fisheries	Explor./ Develop. Fisheries	Manage. Plans	Enforce	Joint Jurisdiction Fisheries					OCS Manage.	Recreation Fisheries	Traditional Fisheries		
AFMA Board, Managing Director and Executive Secretariat																				
Chief Economist	101,088	60,639	40,450	67,392			33,696	33,696							33,696			33,696		
Chief Scientist	127,336	83,844	43,402	84,891			42,445	42,445							42,445			42,445		
Legislation and Liaison	474,394	332,994	141,400	474,394						474,394										
Australian Fisheries Magazine	643,270	461,557	181,713																100,000	543,270
Illegal Foreign Fishing Compliance																				
FFV Apprehension	775,115	651,574	123,542												775,115			775,115		
AFZ Surveillance	1,575,689	1,359,789	215,901												1,575,689			1,575,689		
Input into Joint Jurisdiction Fisheries																				
Torres Strait	2,085,900	1,593,530	492,370												2,085,900			2,085,900		
NT Pearls	6,469	4,423	2,046	6,469								6,469								
WA Pearls	11,602	8,097	3,505	11,602								11,602								
Jack Macquerel	101,989	59,318	42,671	101,989								101,989								
WA Shark	16,571	14,650	1,921	16,571								16,571								
Participation in International Fora																				
South Pacific	104,917	58,191	46,726																100,000	104,917
Bilateral Fisheries Management																				
Bilateral Fisheries	2,413,922	1,962,090	451,832												2,413,922					
Commonwealth Fisheries Management																				
East Strait Scallop	312,670	221,359	91,311	292,619	20,052					20,052										
Broome Prawn	30,676	24,391	2,285	23,890	6,787					6,787										
Cocos/Christmas	31,567	17,106	14,461	31,567											29,183			2,384		
East Coast Line	73,291	36,746	16,545	71,750	1,541													1,541		
East Coast Crust	38,441	21,998	16,443	37,829	612													612		
East Coast Trawl	52,424	29,957	22,467	51,917	507													507		
East Coast Tuna	530,451	364,747	165,704	320,987	80,499					75,674								4,825		
GAB	115,913	81,999	33,914	106,553	9,360					3,939								4,818		
Joint Ventures	1,539,632	1,217,131	322,501	1,539,632														128,965		
Norfolk Island	8,336	6,074	2,262	8,336																
North West Shelf	66,207	37,873	28,334	64,187	2,020															
Northern Fish Trawl	48,827	28,606	20,221	44,929	3,898															
NPF	1,347,634	954,040	393,644	1,103,549	244,136															
Northern Shark	85,618	41,854	43,784	61,032	24,606															
Other Tuna	51,072	29,986	21,036	51,072																
SEF	2,770,723	1,882,307	883,416	1,907,016	863,707															
SBT	733,877	556,382	177,495	501,058	231,304															
Southern Shark	1,049,305	748,473	300,832	796,652	252,654															
Western Deepwater	62,678	34,346	28,332	60,655	2,023															
Other Explor/Devel. Fisheries	581,855	321,249	260,616	305,613	276,250															
Other Activities																				
Licensing System Modifications																				
TOTAL	17,969,491	13,316,319	4,653,172	12,259,869	2,904,187		169,261	500,019		2,090,044		136,631	98,231	2,413,922	4,643,326	130,480	2,162,042	2,350,805	100,000	64,187

TABLE 6

## RECOVERABLE AND NON-RECOVERABLE EXPENDITURES

	1993/94		1993/94, 1st Year Impact		1993/94, 2nd Year Impact		1993/94, 3rd Year Impact		1993/94, 4th Year Impact	
	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable
APMA Board, Managing Director and Executive Secretariat		1,044,376								
Chief Economist		183,034		101,088				101,088		101,088
Chief Scientist		229,445		127,336				127,336		127,336
Legislation and Litigation		234,000		474,394				474,394		474,394
Australian Fisheries Magazine	100,000	361,557	100,000	543,270	100,000	543,270	100,000	543,270	100,000	543,270
Illegal Foreign Fishing Compliance										
FFV Apprehension		721,806		775,115				775,115		775,115
AFZ Surveillance		1,430,021		1,575,689				1,575,689		1,575,689
Input into Joint Jurisdiction Fisheries										
Torres Strait		2,032,115		2,085,900				2,085,900		2,085,900
NT Pearls		6,724		6,469				6,469		6,469
WA Pearls		11,985		11,602				11,602		11,602
Jack Mackerel		114,706		101,989				101,989		101,989
WA Shark		14,650		16,571				16,571		16,571
Participation in International Fora										
South Pacific		120,137		104,917				104,917		104,917
Bilateral Fisheries Management										
Bilateral Fisheries	2,314,777	15,365	2,417,185		2,415,518		2,413,922		2,413,922	
Commonwealth Fisheries Management										
Blue Strai Scallops	234,550	65,661	260,722	48,834	276,681	34,453	292,619	20,052	292,619	20,052
Broome Prawn	26,890	2,987	23,896	6,787	23,893	6,787	23,890	6,787	23,890	6,787
Cocac/Christmas		31,998		31,567		31,567		31,567		31,567
East Coast Line	21,960	43,018	39,846	30,335	55,812	15,938	71,750	1,541	71,750	1,541
East Coast Crust.	9,953	24,459	19,884	17,449	28,863	9,031	37,829	612	37,829	612
East Coast Trawl	24,719	25,207	35,272	16,838	43,598	8,673	51,917	507	51,917	507
East Coast Tuna	395,202	106,354	286,693	246,253	303,836	227,860	320,987	209,464	320,987	209,464
GAD	89,363	23,873	99,346	15,502	103,051	12,431	106,553	9,360	106,553	9,360
Joint Ventures	1,460,659	11,680	1,542,024		1,540,803		1,539,632		1,539,632	
Norfolk Island		8,530		8,336		8,336		8,336		8,336
North West Shelf	23,814	36,657	38,846	25,783	51,526	13,902	64,187	2,020	64,187	2,020
Northern Fish Trawl	10,730	38,868	11,286	37,773	13,107	35,835	14,929	33,898	14,929	33,898
NPF	1,066,808	198,407	1,055,949	293,436	1,079,737	268,786	1,103,549	244,136	1,103,549	244,136
Northern Shark	47,940	36,916	51,405	34,016	56,219	29,311	61,032	24,606	61,032	24,606
Other Tuna		57,098		51,022		51,022		51,022		51,022
SEF	1,977,020	594,914	1,731,357	1,042,852	1,819,187	953,280	1,907,016	863,707	1,907,016	863,707
SOT	515,414	119,377	469,402	268,867	485,225	249,843	501,058	232,819	501,058	232,819
Southern Shark	666,357	299,165	665,687	374,902	731,204	315,778	796,652	252,634	796,652	252,634
Western Deepwater	20,754	36,190	35,402	13,690	48,038	13,857	60,655	2,023	60,655	2,023
Other Exploit/Devel. Fisheries	309,000	332,364	306,232	276,250	305,912	276,250	305,615	276,250	305,615	276,250
Other Activities										
Licensing System Modifications		160,000								
TOTAL	9,348,300	8,774,707	9,100,474	8,726,629	9,100,474	8,726,629	9,100,474	8,726,629	9,100,474	8,726,629

TABLE 6a  
ATTRIBUTION AND RECOVERABILITY OF AFMA ACTIVITIES

	1993-94 Actual		1993-94 First Year Impact		1993-94 Second Year Impact		1993-94 Third Year Impact**	
	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable	Recoverable	Non-Recoverable
TOTAL (from Table 6)	9,355,309	8,774,207	9,190,634	8,778,857				
Adjustment 50% recovery of enforcement			876,854	(876,854)				
Estimation of associated change in distribution of administrative costs*								
SUB-TOTAL			22,706	(22,706)				
Adjustment for change between years in Table 6			10,087,488	7,902,003	10,087,488	7,902,003	10,359,066	7,610,725
TOTAL					291,578	(291,278)	291,578	(294,578)
					10,359,066	7,610,725	10,650,644	7,316,147

\* AFMA spreadsheets would allow accurate calculation of this estimate. Without AFMA's cooperation DoF have produced an estimate of the change in the distribution of administrative costs as a result of the change in recovery on enforcement.

This estimate is calculated by figuring what proportion of AFMA's total 1993-94 Budget is \$876,854. This proportion (4.89%) is then applied to AFMA's total administration costs for 1993-94, to calculate the associated administrative costs that would move with \$876,854 (ie \$22,706).

\*\* Fourth year impact is zero.

TABLE 7					
DIRECT EMPLOYMENT ALLOCATION					
	Actual	Impact			
	93/94	Year 1	Year 2	Year 3	Year 4
Direct Employment					
<i>Government Services</i>					
Managing Director	1.000				
Executive Secret.	3.000				
Policy	0.670				
Chief Economist	1.330	0.665	0.665	0.665	0.665
Chief Scientist	1.330	0.665	0.665	0.665	0.665
Commonwealth Litigation & Enforc.		2.000	2.000	2.000	2.000
Australian Fisheries		2.480	2.480	2.480	2.480
FFV Apprehension	0.780	0.780	0.780	0.780	0.780
AFZ Surveillance	0.770	0.770	0.770	0.770	0.770
<i>Government Fisheries</i>					
Torres Strait	5.400	5.800	5.800	5.800	5.800
NT Pearls	0.030	0.030	0.030	0.030	0.030
WA Pearls	0.050	0.050	0.050	0.050	0.050
Jack Macarel	0.650	0.714	0.714	0.714	0.714
WA Shark					
South Pacific	0.800	0.800	0.800	0.800	0.800
Other Tuna	0.350				
<i>Non-Government Fisheries</i>					
Bas Strait Scallop	0.450	0.359	0.253	0.147	0.147
Bilateral					
Broome Prawn					
Cocos/Christmas	0.150	0.250	0.250	0.250	0.250
East Coast Line	0.320	0.217	0.114	0.011	0.011
East Coast Crust.	0.150	0.101	0.052	0.004	0.004
East Coast Trawl	0.110	0.074	0.038	0.002	0.002
East Coast Tuna	0.450	0.479	0.443	0.408	0.408
GAB	0.150	0.128	0.102	0.075	0.075
Joint Ventures					
Norfolk Island		0.030	0.030	0.030	0.030
North West Shelf	0.220	0.151	0.081	0.012	0.012
Northern Fish Trawl	0.100	0.096	0.091	0.087	0.087
NPF	0.770	1.006	0.921	0.837	0.837
Northern Shark	0.200	0.177	0.154	0.131	0.131
Other Tuna		0.350	0.350	0.350	0.350
SEF	3.480	3.667	3.354	3.040	3.040
SBT	0.425	0.517	0.484	0.451	0.451
Southern Shark	2.050	1.899	1.582	1.266	1.266
Western Deepwater	0.220	0.151	0.081	0.012	0.012
Other Explor. & Developmental	3.870	1.935	1.935	1.935	1.935
<b>Total</b>	<b>29.275</b>	<b>26.340</b>	<b>25.071</b>	<b>23.802</b>	<b>23.802</b>
<i>Industry Services</i>					
Bas Strait Scallop	0.800	0.891	0.997	1.103	1.103
Bilateral	6.030	6.030	6.030	6.030	6.030
Broome Prawn	0.020	0.020	0.020	0.020	0.020
Cocos/Christmas Island	0.100				
East Coast Line	0.170	0.273	0.376	0.479	0.479
East Coast Crust.	0.070	0.119	0.168	0.216	0.216
East Coast Fish Trawl	0.190	0.226	0.262	0.298	0.298
East Coast Tuna	1.610	1.581	1.617	1.652	1.652
GAB	0.320	0.342	0.368	0.395	0.395
Joint Ventures	3.920	4.304	4.304	4.304	4.304
Norfolk Island	0.030				
North West Shelf	0.160	0.229	0.299	0.368	0.368
Northern Fish Trawl	0.200	0.204	0.209	0.213	0.213
NPF	4.460	4.224	4.309	4.393	4.393
Northern Shark	0.430	0.453	0.476	0.499	0.499
Other Tuna					
SEF	8.330	8.143	8.456	8.770	8.770
SBT	2.225	1.685	1.718	1.751	1.751
Southern Shark	2.110	2.261	2.578	2.894	2.894
Western Deepwater	0.160	0.229	0.299	0.368	0.368
Torres Strait	0.400				
Other Explor./Develop. Fisheries		1.935	1.935	1.935	1.935
<b>Total</b>	<b>31.735</b>	<b>33.150</b>	<b>34.419</b>	<b>35.688</b>	<b>35.688</b>
<b>Total Direct</b>	<b>61.010</b>	<b>59.490</b>	<b>59.490</b>	<b>59.490</b>	<b>59.490</b>
Government	47.98%	44.28%	42.14%	40.01%	40.01%
Industry	52.02%	55.72%	57.86%	59.99%	59.99%



TABLE 8					
ADMINISTRATION EXPENSES TO BE ALLOCATED					
	1993/94	1993/94	1993/94	1993/94	1993/94
	Actual	Year 1	Year 2	Year 3	Year 4
<i>AFMA Board</i>		380,967	380,967	380,967	380,967
<i>Man. Director &amp; Exec. Sec.</i>		396,661	396,661	396,661	396,661
<i>General Manager N&amp;P</i>	126,779	126,779	126,779	126,779	126,779
<i>General Manager Southern</i>	154,838	154,838	154,838	154,838	154,838
<i>General Manager Corporate Services</i>	227,368	227,368	227,368	227,368	227,368
<i>Policy</i>		50,101	50,101	50,101	50,101
<i>Chief Economist</i>		60,614	60,614	60,614	60,614
<i>Chief Scientist</i>		83,844	83,844	83,844	83,844
<i>Legal</i>	265,992	166,997	166,997	166,997	166,997
<i>Communications</i>	97,611	97,611	97,611	97,611	97,611
<i>Financial Management</i>	524,956	524,956	524,956	524,956	524,956
<i>Human Resources</i>	465,787	465,787	465,787	465,787	465,787
<i>Office Services</i>	794,284	794,284	794,284	794,284	794,284
<i>Records Management</i>	270,993	270,993	270,993	270,993	270,993
<i>Information Systems</i>	851,373	851,373	851,373	851,373	851,373
<b>Total Administration</b>	<b>3,779,981</b>	<b>4,653,172</b>	<b>4,653,172</b>	<b>4,653,172</b>	<b>4,653,172</b>