



HON WARREN TRUSS MP
Minister for Agriculture, Fisheries and Forestry



Ms Fran Bailey MP
Chair
House of Representatives Standing Committee on
Primary Industries and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Ms Bailey

I writing to provide you with the Government's response to the Report of the then House of Representatives Standing Committee on Primary Industries, Resources and Regional Affairs titled "Managing Commonwealth Fisheries: The Last Frontier".

Though for various reasons finalisation of this response has been delayed, it is significant that developments in the area of fisheries management have given effect to many of the recommendations of the report.

On 7 February 2001, Senator the Hon Bill Heffernan, wrote to me indicating that the Prime Minister had approved the response. In line with established procedures, I am now forwarding a copy of the Government response to the Committee and will arrange for tabling of this response as soon as possible.

Yours sincerely

WARREN TRUSS

MANAGING COMMONWEALTH FISHERIES: THE LAST FRONTIER – GOVERNMENT RESPONSES TO THE RECOMMENDATIONS

Recommendation 1

That the Australian Fisheries Management Authority, in consultation with the Department of Primary Industries and Energy and with industry, establish, and periodically review, a consistent naming regime for Commonwealth fisheries that can be used readily by managers, industry and researchers.

Government Response:

The naming regime used for Commonwealth fisheries by all government and research agencies is that adopted by the Australian Fisheries Management Authority (AFMA) for the management of Commonwealth fisheries. The Commonwealth, in negotiating Offshore Constitutional Settlement (OCS) arrangements with State and Territory authorities, uses this naming regime which in turn is recognised and accepted by all State and Territory agencies.

It should be noted that individual Commonwealth fisheries contain more than one species and it may be necessary for agencies such as the Bureau of Rural Sciences (BRS) to break down a fishery into sub-components for the purposes of research and statistical reporting. As at October 2000, the latest BRS report was consistent with AFMA's naming regime.

The Government recognises the need to ensure that a consistent naming regime is in place. The Government, AFMA and all relevant interests will work together to ensure that this consistency is maintained.

The Government supports this recommendation.

Recommendation 2

That the ANAO ensures that its summaries of audit reports be true reflections of the overall reports, and not present their assessments of issues out of context or in a distorted manner that could misrepresent the overall findings of the reports. Brochures should include a general observation about the performance of the agency audited so that any specific comments can be seen in the context of ANAO's overall conclusions.

Recommendation 3

That the ANAO increase the level of consultation with stakeholders and make more use of consultants when undertaking audits in particularly complex areas where the ANAO clearly does not, nor could be expected to have sufficient expertise to understand all the issues.

Recommendation 4

That the ANAO be required to include in its reports an assessment of cost benefit implications of its recommendations.

Government Response:

Recommendations 2, 3 and 4 were for ANAO consideration and a response was to be developed by the ANAO. As an independent agency, the ANAO gave careful consideration to the recommendations and responded to the Committee on 22 July 1997. A copy of the ANAO response is at Attachment 1.

Recommendation 5

That the Commonwealth agree to jurisdictional arrangements negotiated under the Offshore Constitutional Settlement with the States on a fishery by fishery basis rather than waiting until agreement is reached on a package of fisheries.

Government response:

In order to clarify the jurisdictional arrangements between the Commonwealth and the States/Northern Territory, the Government initiated the Offshore Constitutional Settlement (OCS) negotiations in the 1980s. These original agreements concentrated on placing individual fisheries, as characterised principally by fishing method, under one jurisdiction. Since the original OCS arrangements were put in place, rather than using artificial boundaries between which fish stocks pass freely, new agreements have been developed assigning management responsibility based on fish stocks.

The Ministerial Council on Forestry, Fisheries and Aquaculture has given completion of new OCS arrangements a high priority to correct a number of anomalies and simplify some of the arrangements.

In February 1995, new OCS Arrangements and associated Memoranda of Understanding were agreed between the Commonwealth, Queensland, Western Australia and the Northern Territory for the jurisdictional control of fisheries adjacent to those States/Territory. In December 1996 OCS arrangements were agreed between the Commonwealth and the States of Tasmania and South Australia, for the jurisdictional control of fisheries adjacent to those States. These arrangements came into effect on 1 January 1997. Further Agreements were made in 1997 with the State of Victoria.

An OCS arrangement has also recently been concluded with South Australia, following consultation with the southern States to provide single jurisdiction to the Commonwealth over the school shark and gummy shark fishery. At time of writing Tasmania and Victoria have yet to finalise this arrangement.

Several joint authority management arrangements have also been established providing for the administration of a number of fisheries under State or Territory law.

In the past the Commonwealth's position when negotiating with the States and the Northern Territory has been to seek agreement on a number of fisheries. Because OCS arrangements are the result of a negotiation process, transfer of jurisdiction on an individual basis may reduce the ability of the Commonwealth to attain the best possible package of arrangements. It has therefore been the preferred option that OCS agreements are negotiated and agreed to as a package.

However, in order to advance OCS it may be necessary, where agreement is difficult to obtain on a package of fisheries, that the Government look at, and pursue, settlements on an individual fishery basis.

The Government supports this recommendation in those circumstances where it will achieve desirable jurisdictional outcomes.

Recommendation 6

That finalising Offshore Constitutional Settlement arrangements be given the highest priority by the Minister responsible for Commonwealth fisheries management.

Government Response:

The finalisation of OCS agreements continues to be given high priority by AFMA, the Department of Agriculture, Fisheries and Forestry (AFFA) and the Commonwealth Minister for Agriculture, Fisheries and Forestry.

The Government supports and will continue to implement this recommendation.

Recommendation 7

That the Australian Fisheries Management Authority ignore recommendation 1 of the Australian National Audit Office's report. (ANAO recommendation 1 directs AFMA to assess new and proposed OCS arrangements to identify and prioritise those features that have a risk of reducing efficient and effective management of Commonwealth fisheries)

Government Response:

The Government recognises that the Australian National Audit Office (ANAO) Recommendation 1 would have required considerable resources with an unreliable outcome. However in finalising OCS arrangements, the Government will take into account the concerns expressed by the ANAO in respect of features that could reduce efficient and effective management of Commonwealth fisheries resources.

Recommendation 8

That the Australian Fisheries Management Authority continues to broaden the membership of Management Advisory Committees providing always that:

- **only legitimate stakeholders participate in the management process;**
- **broader public concerns over the management of fisheries resources are addressed; and**
- **it ensures that the concerns of individual industry operators can be taken into account.**

Government Response:

The Government supports the need to broaden the membership of Management Advisory Committees (MACs) to embrace wider community interests in individual fisheries. MACs provide stakeholders with an opportunity to play a greater role in the management of fisheries and provide AFMA with a forum to discuss and make recommendations on proposed management arrangements.

The MACs also provide an opportunity for researchers and industry to consult on the status of fisheries and develop research strategies that will enhance the management process.

MACs consist of an independent chairperson, the AFMA officer responsible for managing the fishery and seven other members. These seven members are determined by AFMA in consultation with industry, environment/conservation agencies, the States, research agencies and other interest groups as applicable. Apart from the Chair and the AFMA member, the MACs are usually comprised of a number of commercial industry members, a research member, an environment/conservation member and, where relevant, members drawn from the recreational and charter fishing sector. Where appropriate, membership may also be drawn from other interest groups, such as indigenous groups, in fisheries where such persons have legitimate interests and expertise. As at October 2000, AFMA had appointed an environment/conservation member to all MACs.

MACs also hold annual meetings which provide individual operators with the opportunity to raise issues concerning management arrangements and the recommendations made by these committees. Individual operators and members of the community are also able to participate in these meetings and have their submissions considered by the MAC.

The Government supports this recommendation and strongly supports continued efforts by AFMA to include wider interests within the MAC process.

Recommendation 9

That the Fisheries Administration Act 1991 be amended so that the maximum number of members of a Management Advisory Committee (in addition to the chairperson and the AFMA member) be increased to nine with the Minister able to increase this temporarily to 11 where the Minister determines such an increase is necessary.

Government Response:

Under Section 60 (c) of the *Fisheries Administration Act 1991* the maximum number of members of a Management Advisory Committee is set at 7 (in addition to the Chairperson and the officer of the Authority who is responsible to the Authority for the management of the fishery).

MAC members are appointed on an expertise basis and not as representatives of any particular group. In order to make MACs effective decision making and advisory committees it is considered necessary to limit the numbers on the group. As indicated in the response to the previous recommendation, the Government is pursuing strongly the inclusion of wider interests in the MAC process. The granting of observer status provides a further opportunity for wider interests to have their concerns and issues addressed within any MAC without formally extending the size of MACs.

The existing provisions in the legislation covering MAC membership have worked well and allow for an appropriate mix of relevant stakeholders. The current arrangements allow considerable flexibility in the number of interest groups with membership on the MACs and afford non-members considerable opportunities to participate in the process. The adoption of this recommendation would increase the costs to industry of fisheries management and is unlikely to result in improvements in decision making. The Government supports the current MAC arrangements and is uncertain of the benefits of extending the size of MACs.

The Government does not support this recommendation.

Recommendation 10

That the Fisheries Administration Act 1991 be amended so that a majority of industry members of a Management Advisory Committee are selected through a democratic process determined by the Minister. Elected members of a Management Advisory Committee should be required to give the same undertakings about their participation as is given by appointed members.

Government Response:

MACs are established by the AFMA Board to advise AFMA on the management of individual fisheries. In establishing MACs, AFMA seeks to ensure that industry members have an appropriate balance of expertise so that a range of views can be heard and considered in framing recommendations on management arrangements.

Members are appointed to MACs on the understanding that they are to act in the best interests of a fishery (as set out in AFMA's Fisheries Management Paper Number 1 {Attachment 2} covering the operation of MACs) rather than as representatives of any sectoral or regional stakeholder group. Electing members is likely to promote a culture of representation and would be inconsistent with the fundamental concept of the MAC system and the philosophy of the legislation.

In September 2000, AFMA appointed ACIL Consulting to undertake an external, independent review of the operations of MACs. This review will focus on the effectiveness, efficiency and appropriateness of current MAC arrangements. ACIL has circulated a discussion paper to all fishing concession holders, MAC members and other interested stakeholders. The discussion paper provides a basis for seeking submissions on the operation of MACs, including the selection process for MAC members. Any proposed changes to the selection process resulting from this review will need to take into account the philosophy of the legislation and the costs of implementing changes.

The Government does not support this recommendation.

Recommendation 11

That explicit disclosure provisions be introduced requiring persons proposed for appointment to a Management Advisory Committee to reveal possible conflicts of interest, and that this information should be provided to all operators in the fisheries covered by the Committees. This requirement should also apply to all members including persons elected to membership of Committees, as proposed in Recommendation 10.

Government Response:

Currently the *Fisheries Administration Act 1991* and the Fisheries Management Paper No. 1 covering MAC operation, provide for wide conflict of interest disclosure provisions. MAC members are required to sign a declaration prior to appointment which states that they understand their responsibilities and AFMA's policies as well as the *Fisheries Administration Act 1991* legislation as it relates to conflict of interest. Fisheries Management Paper No.1 was updated in December 1998 to take account of disclosure of interests. MACs now routinely deal with disclosure of interests at the beginning of each meeting. This is recorded in the Minutes. The Government considers that the current disclosure provisions are appropriate for an advisory committee.

The Government believes that the current practice is already consistent with the recommendation and there is no need to change the current disclosure provisions.

Recommendation 12

That the Australian Fisheries Management Authority develop and implement management plans in Commonwealth fisheries in line with the timetable provided in its submission to the Committee (submission 13, attachment 5). AFMA should report progress in the development and implementation of management plans in each fishery in its Annual Reports.

Government Response:

Under the *Fisheries Management Act 1991*, AFMA is under a statutory obligation to determine management plans for all fisheries under its jurisdiction and to maintain a register of persons and organisations who are to be notified of draft plans of management. The exception to this is that if AFMA is of the view that a plan of management for a particular fishery is not warranted then it may make a determination accordingly including its reasons. Notice of a determination must be given to persons and organisations on the register and published in the *Gazette*.

The Government believes that AFMA should develop and implement management plans for all Commonwealth fisheries which warrant a plan and should regularly report to the Minister on its progress in establishing plans. As at October 2000, AFMA has introduced the South East Trawl Management Plan and is currently allocating Statutory Fishing Rights in accordance with that Plan. There has also been extensive consultation and progress in the development of a Eastern Tuna and Billfish Fishery Management Plan. The *Northern Prawn Fishery Amendment Management Plan* has also been recently approved.

The AFMA 2000-2001 Annual Operating Plan lists those plans which AFMA will develop during the upcoming year, these plans are the Bass Strait Central Zone Scallop Management Plan, the Heard Island and McDonald Island Fishery Management Plan and the Southern and Western Tuna and Billfish Fisheries Management Plan.

The Government supports this recommendation, noting that development and implementation of management plans is resource intensive and subject to factors beyond AFMA's control.

Recommendation 13

That the Australian Fisheries Management Authority develop and widely disseminate a policy paper which would be a practical guide explaining what a management plan is, how it is developed and reviewed, and the opportunities for stakeholders to participate in this process. The policy paper should be completed by 31 December 1997.

Government Response:

The *Fisheries Management Act 1991* provides the legislative basis for the management of Commonwealth fisheries. Individual fishery management plans are a key tool used by AFMA to achieve its legislated objectives under the *Fisheries Management and Fisheries Administration Acts 1991*. Amendments made to the Management Act provisions for management plans clarify what is required to be included in a plan and when a plan is not warranted.

The Government agrees that it is of extreme importance, in terms of efficiency, that AFMA complete the policy papers it is developing, including those relating to the management plan process. Regular reporting by AFMA on the progress of management plans is also necessary to increase transparency in terms of management. AFMA is continuing to prepare a series of Fisheries Management Papers and Fisheries Administration papers detailing AFMA's policy in relation to a range of key issues, including a number identified by the ANAO in its report. The proposed policy paper will be prepared as part of the series.

As at October 2000, the policy paper has not been completed due to other priorities. However, a project to develop this policy has commenced and is expected to be completed in 2001.

The Government supports this recommendation and endorses AFMA's approach to addressing this recommendation, noting that a policy paper is due for completion in 2001.

Recommendation 14

That the Australian Taxation Office provide the Australian Fisheries Management Authority with a determination on the implications of amendments to Capital Gains Tax for the fishing industry when they become law; and that the Australian Fisheries Management Authority inform all fishers of the decision provided by the Australian Taxation Office and how it impacts on quota trading in the fishing industry.

Government Response:

Amendments made to the Capital Gains Tax (CGT) legislation as part of Business Tax Reform has provided major benefits to the fishing industry. The legislation now provides for a range of CGT concessions for small business taxpayers (including many operators of businesses in the fishing industry). When combined these concessions can provide up to 100% exemption from CGT on some transactions.

The small business CGT concessions now available are:

- small business 15-year exemption;
- small business 50% reduction;
- small business retirement exemption; and
- small business roll-over.

These concessions provide CGT relief for a wide range of assets including the following assets that are commonly owned by the operator of a fishing business:

- goodwill;
- fishing permits/licences; and
- quotas.

Small business taxpayers can access all the concessions listed, subject to the following general eligibility tests being satisfied:

- the CGT event (disposal) takes place on or after 21 September 1999;
- the net value of the taxpayer's assets (excluding certain assets used solely for personal use) does not exceed \$5 million; and
- the assets disposed of have been actively used in a business carried on by the taxpayer.

In addition specific eligibility tests apply for each concession.

For disposal of assets between 1 July 1997 and 21 September 1999, small business taxpayers could claim:

- a 50% goodwill exemption;
- a small business retirement exemption; or
- a small business roll-over.

Indexation of a CGT asset's cost base has been 'frozen' as at 30 September 1999. Transitional rules apply to assets owned by a taxpayer at 21 September 1999. A taxpayer may choose to apply the CGT discount to a capital gain calculated without indexation or calculate the capital gain under the 'frozen' indexation method.

CGT averaging has been removed for capital gains made after 21 September 1999. Transitional averaging rules apply to capital gains made between 1 July 1999 and 21 September 1999.

Capital gains or losses made from plant (such as fishing boat, nets and the like) are now treated as assessable or deductible within the ordinary income tax provisions. These gains and losses are excluded from the CGT regime. Existing CGT roll-over measures continue to provide relief for a CGT asset compulsorily acquired by an Australian government agency and for the renewal or extension of a statutory licence.

The range of income tax and CGT measures applicable to small business operators are very much dependent on the personal business circumstances of each business operator. Given the variety of circumstances that may occur, the Government does not believe that it is appropriate for AFMA to provide generic advice to fishing operators on the taxation implications arising from implementation of the recommendations.

The Australian Taxation Office will work with AFMA to ensure fishing operators are advised of the taxation implications of changes to fishing industry arrangements.

Recommendation 15

That the Australian Fisheries Management Authority report its performance against the objective of implementing efficient and cost-effective fisheries management for each Commonwealth fishery in its Annual Report. This requires AFMA to detail the strategies it will use, as well as the actions it has taken, to achieve this objective in each fishery.

Government Response:

In accordance with the ANAO's recommendations, AFMA first reported (for each fishery) against the legislative objectives relating to ESD, maximising economic efficiency and accountability in its 1995-1996 Annual Report. The efficient and cost-effective fisheries management objective was specifically addressed in operational reports and commented on more generally in the Chairman's Report for that year. AFMA has continued to take this approach in subsequent Annual Reports.

The Government introduced a general requirement in 1999, for all agencies to report against the Outcomes and Outputs Framework. As a result, the intent of the recommendation can be met without incurring the additional costs associated with the previous level of specific reporting. The Government notes AFMA's efforts to revise its planning and reporting framework in 1999-2000 with a view to integrating reporting against the legislative objectives and outcomes/outputs.

With these changes to AFMA's planning and reporting documents, the Government has addressed the intent of this recommendation.

Recommendation 16

That the Australian Fisheries Management Authority ensures the stock assessment process makes greater use of fishers and their knowledge about fisheries resources.

Government Response:

The Government recognises the benefits that the involvement of industry gives in the stock assessment process. Industry already has a significant role in the stock assessment process for each Commonwealth managed fishery through the Fishery Assessment Group (FAG) process.

FAGs are created by AFMA and consist of members from the scientific, economic, industry, and management fields. AFMA and the MACs draw upon the scientific, technical and economic advice provided by the respective FAGs when making management decisions. FAGs co-ordinate, evaluate and regularly undertake stock assessment activity for their Commonwealth fisheries.

AFMA's research priorities are set by its Research and Environment Committee which acts as the Fisheries Research Advisory Body (FRAB) for the Commonwealth. Similar FRABs are established in each State and Territory to determine research priorities for fisheries. The priorities of AFMA's Research and Environment Committee are significantly influenced by the research recommendations and priorities of individual fishery FAGs and MAC research sub-committees. The use of fishers' knowledge therefore provides a crucial element not only in stock assessment but also in the setting of the agenda for Commonwealth fisheries research.

The Government supports this recommendation, recognising the need to continue involving industry in stock assessment.

Recommendation 17

That the Australian Fisheries Management Authority trial the use of cluster quotas in a fishery to support efforts to overcome bycatch problems. AFMA should report the findings of its trial at its Annual General Meeting.

Government Response:

AFMA recognises the significance of this issue and has been investigating a range of options for addressing bycatch issues for a number of years of which cluster quotas is one. However, the feasibility of a trial of cluster quotas requires careful consideration. Specifically, the quota allocation process, which would be an inevitable precursor to a trial, would be a significant task in terms of resources needed.

The fishery where cluster quotas have been identified as being of possible benefit is the South East Trawl Fishery. AFMA, in conjunction with the South East Trawl Management Advisory Committee (SETMAC) and the wider South East Trawl industry, is preparing a bycatch action plan which takes AFMA's legislative objectives into account in dealing with bycatch issues. The bycatch action plan, which will be produced by 31 March 2001, will examine a wide range of options for dealing with bycatch, including technological, management and economic options to minimise the adverse effects of bycatch.

In addition, AFMA has supported, and obtained funding for, a research project within the Fisheries Research and Development Corporation's *Effects of Trawling* sub-program, entitled *Maximising Yield and Reducing Discards in the South East Trawl Fishery Through Gear Development and Evaluation*. This project will report in 2001 on the effectiveness of gear modifications in maximising yield and reducing discards in the Fishery.

The National Policy on Fisheries Bycatch was endorsed by the Ministerial Council on Forestry, Fisheries and Aquaculture in April 1999. The National Policy is the result of efforts by State and Commonwealth governments to provide a national framework for co-ordinating efforts to reduce bycatch. The policy recognises that there will be different ways of addressing the bycatch issue for different fishing activities.

A Commonwealth Policy on Fisheries Bycatch, which meets the initiatives announced under the Commonwealth Oceans Policy, was launched in June 2000. This policy requires bycatch action plans to be developed to address bycatch in all major Commonwealth fisheries. The policy includes gathering of data, bycatch reduction and development of markets to minimise discarding.

The Commonwealth and State governments have also undertaken a number of other steps aimed at addressing the problem of bycatch. These measures have included the development of a threat abatement plan to mitigate the take of seabirds in longlining, creation of closed areas in the Great Barrier Reef and the Northern Territory to protect dugong, agreements by industry for the mandatory adoption of turtle excluder and bycatch reduction devices and even research programs to test and promote technological improvements to fishing gear and methods.

The Government supports this recommendation in principle and supports AFMA's approach to examining all options to deal with bycatch issues.

Recommendation 18

That as a matter of priority, the Australian Fisheries Management Authority develop surrender provisions for each Commonwealth fishery to reduce the current high levels of dumping of bycatch. AFMA should use incentives to ensure fishers make use of the surrender provisions introduced without leading to bycatch species becoming commercially targeted.

Government Response:

The *Fisheries Legislation Amendment Act 1997* has provided AFMA with the legislative backing to introduce surrender provisions in Commonwealth managed fisheries for the purposes of reducing discarding of over quota catch. Also the *Fisheries Legislation Amendment Act 2000* clarified the requirement for a management plan to contain measures directed at reducing the incidental catch not taken in accordance with that plan.

As reflected in the response to the previous Recommendation, the Government endorses AFMA's approach of developing bycatch action plans in individual fisheries. All options need to be examined and the most appropriate strategy developed to suit the requirements of each fishery. AFMA recognises the significance of bycatch discarding as an issue in some, but not all, Commonwealth fisheries and this issue is being considered in accordance with the Commonwealth Bycatch Policy, under which bycatch action plans will be developed. Progress has been made in a number of fisheries, for instance, in the Northern Prawn Fishery, where agreement has been reached on the introduction of Bycatch Reduction Devices and Turtle Excluder Devices.

The Government supports in principle this recommendation and supports AFMA's approach to further address this issue in accordance with the Commonwealth's Bycatch Policy.

Recommendation 19

That any funds recovered by the Australian Fisheries Management Authority from the surrender of bycatch, after providing sufficient incentive for fishers to surrender bycatch, should be directed towards research.

Government Response:

As discussed in the response to the previous Recommendation, consistent with the Commonwealth Policy on Fisheries Bycatch, AFMA is to develop bycatch action plans for major Commonwealth fisheries by 31 March 2001. These plans are developed in conjunction with individual fishery MACs, and will look at a number of options for reducing bycatch, including gear design, mitigation measures, and bycatch reduction strategies.

AFMA will consider the merits of surrender provisions as a management strategy for over quota incidental catches. The use of funds recovered through the surrender and sale of this catch for fisheries research will be one option considered at that time.

The Government supports the recommendation to the extent that should a surrender system be developed, consideration will be given that any funds recovered by AFMA from the surrender of incidental over quota catch go towards the costs of managing that fishery, including the costs of undertaking research.

Recommendation 20

That Commonwealth fisheries legislation that refers to the objectives of the Australian Fisheries Management Authority be amended so that the term "sustainable harvest" is substituted for "exploitation" in AFMA's legislative objectives.

Government Response:

The Government believes that the objectives of the *Fisheries Management Act 1991* and the *Fisheries Administration Act 1991* are appropriate and sees no reason for a change in this respect.

In particular, the objective under Section 3.1(b), which AFMA must pursue in performing its functions, already specifies the need for AFMA's management responsibilities to be consistent with the "principles of ecologically sustainable development", and the "need to have regard to the impact of fishing activities on non-target species and the long term sustainability of the marine environment". In administering the legislation and managing fisheries all the objectives need to be addressed and not overlooked.

The Government therefore does not see the benefit in adopting this recommendation.

Recommendation 21

That the Fisheries Management Act 1991 be amended to define and clarify the objective of maximising economic efficiency in the sustainable harvest of fisheries resources.

Government Response:

AFMA is developing a series of policy papers to clarify all of its legislative objectives, including that of maximising economic efficiency. These papers will assist in interpreting this objective within individual fisheries.

The specific policy paper on this issue will include recent case law, which has to a large extent clarified the interpretation of economic efficiency in the context of fisheries legislation. As at October 2000, this policy paper has not been completed due to other priorities. However, a project to finalise this policy has commenced and is expected to be completed in early 2001.

The Government supports AFMA's work to develop a Fisheries Management Paper to clarify and define all of its legislative objectives. The Government also supports research through the Fisheries Resources Research Fund to develop tools to monitor AFMA's management performance against its objectives.

The Government does not support this recommendation and notes AFMA's work towards developing a Fisheries Management Paper to define and clarify all of its objectives.

Recommendation 22

That in complying with Recommendation 21, the Australian Fisheries Management Authority develop performance indicators in relation to the objective of maximising economic efficiency in the sustainable harvest of fisheries resources. This should involve outlining the strategies that will be used in each fishery to improve economic efficiency in that fishery. The impact and effectiveness of these strategies should appear in its Annual Report.

Government Response:

The development of AFMA's Fisheries Management Papers, including the policy paper on AFMA's legislative objectives referred to in the Government's response to Recommendation 21 and the outcomes and outputs framework referred to in the response to Recommendation 15, provide a framework from which to design improved performance indicators. AFMA Planning documents now include indicators and measures of performance.

The Australian Bureau of Agricultural and Resource Economics (ABARE) has undertaken research on the economic indicators which may be used to measure AFMA performance in managing fisheries. The Government supports the development of cost-effective performance indicators against all AFMA's legislative objectives.

The Government supports this recommendation.

Recommendation 23

That in complying with the recommendation 21, the Australian Fisheries Management Authority also consider which fisheries require structural adjustment and detail the strategies being used to achieve the necessary outcomes for each fishery.

Government Response:

The *Fisheries Legislation Amendment Act 1997* allows AFMA to implement structural adjustment strategies for Commonwealth managed fisheries. In general, and where appropriate, output controls are AFMA's preferred adjustment strategy. Output controls, in the form of transferable quota, provide a means of autonomous adjustment in fisheries and pursue AFMA's economic efficiency objective.

Where output controls are not considered the best solution, systems of transferable gear units are being used. In some instances, a targeted adjustment program has been required as for example in the Government's initiatives to provide structural adjustment to South East Trawl, Southern Shark and South East Non-Trawl Fisheries.

The Government supports this recommendation.

Recommendation 24

That for all Commonwealth fisheries, the Australian Fisheries Management Authority conduct industry wide annual workshops in which Management Advisory Committee members can be questioned about their decisions and recommendations to the Australian Fisheries Management Authority Board.

Government Response:

All MACs are required by the AFMA Board to conduct annual general meetings at which they can be questioned by stakeholders on decisions or recommendations they have made. Any individual can also make a submission to a MAC and have that submission considered by the committee.

The Government believes that the current MAC processes provide all relevant interests in a fishery with an opportunity to discuss and question committee decisions.

The Government supports the recommendation, recognising the approach AFMA has in place to provide industry with opportunities to raise questions directly with MACs.

Recommendation 25

That the Australian Fisheries Management Authority, in developing and considering the most appropriate management regime for a fishery, should make allowances for the capacity of industry to meet the management costs that result from different types of management. In doing this, the Authority must ensure that its capacity to meet its other legislative objectives is not compromised.

Government Response:

There are two aspects to this recommendation. The first of these relates to the setting of levies and the Government policy that drives this process.

The Government recognises that the setting of levies aimed at the recovery of costs associated with fisheries management and research is of fundamental importance to AFMA's operations. Under paragraph 6(e) of its governing legislation, the *Fisheries Administration Act 1991*, AFMA is required by Government and Parliament to pursue the objective of "achieving government targets in relation to the recovery of costs of the Authority".

The Government's current Cost Recovery Policy, '*A Review of Cost Recovery for Commonwealth Fisheries*' outlines a policy and set of principles for implementing cost recovery in Commonwealth fisheries and provides a stable basis for cost effective and equitable cost recovery arrangements both now and in the future. Importantly, this approach has been accepted by industry and has been in operation since 1994-1995. It is Government policy that 100 percent of attributable costs for managing fisheries are recovered from industry through levies.

Each year AFMA arranges for the making of new levy regulations or the amendment of existing regulations under the *Fishing Levy Act 1991* so as to meet this legislative requirement. The current levy regulations set levies for 16 different fisheries managed by AFMA. Since its inception, AFMA has undertaken a comprehensive process of consultation in relation to the setting of levies. The level of detail and the transparency of this process (particularly since 1994-95) provides industry via MACs with a high level of scrutiny and a direct avenue to the AFMA Board to comment on the appropriateness of proposed draft budgets and associated levies.

Research is also an integral part of fisheries management and ensuring that industry provides a contribution to the funding of this research is an important part of Government Policy. AFMA also arranges for the imposition and collection of a levy from Commonwealth fisheries to the Fisheries Research and Development Corporation (FRDC). This is done as part of the levy imposition arrangements outlined above for the recovery of management costs and is part of a single invoice received by Commonwealth fishers. Importantly, this arrangement simplifies the levy imposition and collection arrangements for both the Commonwealth and industry, thus ensuring that the maximum amount possible is available for research and scarce funds are not used to pay for duplicate collection processes. It also ensures that business (in particular small business which dominates the fishing industry) is not burdened with unnecessary regulation or duplication.

The second aspect to this recommendation relates to how management policy is determined. The Government considers that the costs and benefits of different management systems is one aspect that must be taken into account when determining management strategies for fisheries under AFMA's jurisdiction. However, in developing and considering the most appropriate management regime for a fishery, it is inappropriate that AFMA treat different sectors of the industry differently on the basis of their ability to pay management levies. As mentioned previously, the determination of levies is done through a consultative process.

In addition, the Government notes that output controls may require greater resources and thus be more costly than a management system relying on input restrictions. However, the benefits to industry from adopting such an output system may be substantially higher than that of adopting input controlled management and thus more fully pursue AFMA's legislative objectives. It is therefore inappropriate that the Government looks solely at cost as a determinant of the appropriate management policy.

The Government supports this recommendation to the extent that AFMA, in developing and considering the most appropriate management regime for a fishery, should consider the costs and benefits of the management strategy. The Government recognises that in so doing, AFMA must ensure that its capacity to meet its other legislative objectives is not compromised.

Recommendation 26

That the Australian Fisheries Management Authority ensure that as a matter of urgency the compliance/investigation manual currently being prepared be completed and distributed to appointed officers under the Fisheries Management Act 1991 by January 1998.

Government Response:

AFMA largely outsources its compliance activities to the States and each State agency is already operating under their own set of procedures, with AFMA providing overall policy advice. Development of an AFMA specific manual is not considered cost effective in the short term.

In addition, the need for developing such a manual is likely to be largely overtaken with recent moves by the Commonwealth Law Enforcement Board (CLEB) to establish national competency standards for ensuring officers carrying out functions on behalf of AFMA meet the set competency standards. As part of this, the Australian National Training Agency is developing a training package, including a Certificate Level IV, which applies to fisheries investigators, along with a process to develop the requisite training manuals.

In view of these developments, the Government does not support this recommendation.

Recommendation 27

That information provided in logbooks be confidential to AFMA officers and, if necessary, legislative changes be introduced to protect the confidentiality of data provided by fishers in logbooks in the same way commercial-in-confidence information provided to the Australian Bureau of Statistics is protected.

Government Response:

In order for the Government to adopt this recommendation legislative changes would need to be introduced which limit the capacity of logbooks to be accessed by the Australian Taxation Office (ATO) or by the courts as evidence.

A review of fisheries data management in 1996 identified the disincentives for fishers to provide accurate logbook information, and considered ways of encouraging accurate information. It concluded it would be more practical for AFMA to ensure that the Government information privacy principles and protocols are adhered to and applied to the collection, disclosure and use of logbook information. These measures would ensure that information is used for its original specified purpose provided an adequate mechanism can be put in place to ensure the secure storage of that information.

AFMA will intensify its efforts in this direction, and promote these privacy principles to industry. As at October 2000, AFMA is preparing new regulations, which will strengthen the Authority's ability not to disclose logbook information to third parties when such information is sought in civil legal proceedings. These regulations are expected to be in place in early 2001.

The Government does not support this recommendation.

Recommendation 28

That the Australian Fisheries Management Authority review options and implement processes that will enhance independent verification of logbook data. This review should be completed prior to tabling its 1996-97 Annual Report and recommended strategies and actions should be presented in this report.

Government Response:

AFMA is currently looking at the introduction of a number of logbook verification systems which make greater use of the technology now available. A project to assess, particularly in quota managed fisheries, the cost effectiveness of electronic surveillance

systems, direct data transfer from vessels at sea, and dockside monitoring of all landings is in progress.

AFMA has already taken steps to address the need for independent verification of logbook data through the progressive introduction of requirements for fish processors to keep records of catch from Commonwealth fishers. The introduction of dockside monitoring systems will further enhance the quality of information on catch available to managers and researchers.

A comprehensive set of options are being examined and introduced on a cost-benefit basis. The implementation of the options mentioned in this response will take time and needs to be considered in combination with the total cost of managing individual fisheries. Given the time required to implement these systems and to extend them to various fisheries, it was not feasible to review and introduce measures in time for reporting in AFMA's 1996-1997 Annual Report. AFMA has reported developments on this front in subsequent Annual Reports.

The *Fisheries Legislation Amendment Act 2000* enhanced the enforcement provisions for quota management, which relies upon the accurate reporting and recording of catches. This includes on-the-spot fines for minor transgressions and increased fines along with potential for a court to order forfeiture of a boat, fishing gear, catch or proceeds of sale of catch for major mis-reporting of catches.

The Government supports the need to ensure effective logbook verification and supports AFMA's efforts to review options to enhance independent verification of logbook data.

Recommendation 29

That the Australian Fisheries Management Authority undertake a phased in installation of VMS in all Commonwealth fisheries. AFMA should determine an order of priority for the introduction of VMS in the Commonwealth fisheries.

Government Response:

The Government considers that where appropriate for fisheries management, the introduction of Vessel Monitoring Systems (VMS) be a high priority. AFMA is currently introducing VMS into those fisheries where it is cost-effective for compliance and management purposes to do so and where industry recognises the clear benefits of such a system. The Government considers that AFMA needs to take into account the cost-effectiveness within individual fisheries. Consultation with industry through MACs is necessary to build support for VMS and establish an appropriate framework for the introduction of such systems.

VMS has been implemented for the Northern Prawn, Bass Strait Scallop, South East Trawl Orange Roughy sector, Heard and McDonald Islands, the Great Australian Bight, Coral Sea and Western Deep Water Trawl fisheries and for special circumstances involving boundaries and quota in the South East tuna fisheries. Foreign vessels seeking port access are routinely required to have VMS fitted to cost effectively monitor their transit of the AFZ. As at October 2000, 317 boats are fitted with AFMA approved VMS for the purposes of monitoring.

The Government also needs to consider the introduction of VMS which are compatible and consistent with State systems. The Standing Committee on Fisheries and Aquaculture (SCFA) has endorsed guidelines developed by AFMA in its report on the *Compatibility of Vessel Monitoring Systems: Guidelines for Fisheries Agencies*. Any installation of VMS needs to take account of the need for consistency throughout all Australian fisheries jurisdictions.

The Government supports this recommendation and supports AFMA's approach to VMS, where such a system can be shown to be cost effective on a fishery-by-fishery basis. This approach would ensure issues of management compliance, cost to industry, and consistency are all considered in introducing VMS.

Recommendation 30

That the necessary equipment to operate VMS be provided to fishers by the Australian Fisheries Management Authority and the costs of this equipment be recovered from fishers over two years.

Government Response:

Under the Government's Cost Recovery Policy for AFMA, the costs associated with the management of Commonwealth fisheries are predominantly recovered from industry. The introduction of VMS as a management tool will therefore result in a capital cost initially being borne by industry. The purchase of VMS equipment by AFMA does not provide the most cost effective means of introducing this technology into Commonwealth fisheries.

Until the recent tax reforms as AFMA was subject to sales tax and industry was able to procure the necessary equipment free of such a charge, the most cost effective method to introduce VMS has been, in any fishery, for industry to supply its own systems. Future considerations will be in the context of the goods and services tax (GST). The guidelines established by AFMA in their report *Compatibility of Vessel Monitoring Systems: Guidelines for Fisheries Agencies* was an effective way of ensuring technology and VMS systems are consistent.

VMS hardware includes an Inmarsat transceiver which has been found to be a valuable communications device by many in industry. In these circumstances where the VMS may be used for other than monitoring purposes vessel operators have sought to acquire different specification equipment. A further consideration is that industry ownership is more likely to engender better care and maintenance of the equipment.

The recovery of costs on VMS is an issue to be considered on an individual fishery basis where industry agrees to the introduction of such a system.

The Government does not support this recommendation.

Recommendation 31

That the Fisheries Research and Development Corporation annually review:

- **the role of CSIRO research vessel (*Southern Surveyor*), to assess the priority research tasks it should undertake; and**
- **the balance between cost recovery requirements and the need to address research priorities in Australian fisheries.**

Government Response:

The *Southern Surveyor* is one of many resources utilised by the Commonwealth Science and Industrial Research Organisation (CSIRO) for a number of different research activities. The Fisheries Research and Development Corporation (FRDC) funds some of the research undertaken by CSIRO using this vessel.

The use and activities of the *Southern Surveyor* are the responsibility of CSIRO and it would be inappropriate of FRDC to review either the role of CSIRO research vessel (*Southern Surveyor*) to assess the priority research tasks it should undertake; or the balance between cost recovery requirements and the need to address research priorities in Australian fisheries. However, the use of the *Southern Surveyor* should also be partly determined by R&D priorities which in turn are determined by industry and fisheries managers working in collaboration with CSIRO.

In respect to the second part of this Recommendation both FRDC and the Ministerial Council for Fisheries and Aquaculture (Ministerial Council) have moved towards processes which address the national research priorities. The FRDC has developed a number of comprehensive national R&D plans addressing such issues as fisheries ecosystems protection. The FRDC also provides details on its website of all known fisheries R&D plans.

The Government endorses the efforts taken by all fisheries jurisdictions and the FRDC to address the issues of cost recovery and the establishment of national research priorities for Australian fisheries.

The Government does not support this recommendation.

Recommendation 32

That the Australian Fisheries Management Authority consult with industry to investigate ways to improve the participation of industry in the research process and that AFMA make reference to industry participation in their Annual Reports.

Government Response:

Industry has a number of avenues through which it can participate in the research process. At the MAC level industry is able to participate in the stock assessment process through the Fisheries Assessment Groups (FAGs) and actively develop strategies for the research requirements of individual fisheries.

FAGs provide industry with an opportunity to contribute to and synthesise information on the biological status of resources and to identify gaps that exist in knowledge about their fishery. FAGs also enable the scientific community to make use of qualitative information from fishers, such as the location of certain stocks, environmental influences on localised abundance and fishing patterns.

Individual fishery MACs also identify research priorities through a five year strategic plan for the fishery. These in turn go towards the development of a five year strategic plan for all Commonwealth managed fisheries. Industry input at the MAC level has a direct influence on the research priorities at the national level.

The Government supports AFMA's approach in ensuring that the industry actively participates in, and has a direct influence on, fisheries research priorities.

The Government supports the recommendation and notes that AFMA already substantially complies with this recommendation.

Recommendation 33

That the Fisheries Research and Development Corporation develop a complete register of all fisheries research taking place in Australia to reduce the risks of duplication and to assist in identifying future research priorities.

Government Response:

The FRDC is playing an active role in the development of a national database system which amalgamates information from all Australian Research and Development Corporations. The Rural Research Database Committee is developing databases which will contain all the research conducted on primary industries.

The involvement of all R&D Corporations ensures that all research is captured and contained on the streamlined system. This system will provide an easily accessible one stop shop for researchers in order to find out the scope of research being conducted and reduce the risks of duplication.

The database system will be provided on the internet enabling the international community to gain greater access to Australia's research community. This system will also provide agencies wishing to set research priorities into fisheries, such as FAGs and FRABs with a vital management tool.

Contributors to the national database system (Australia Natural Resources Online – ANRO) extend beyond the R&D Corporations. They include among others, the CSIRO and State agricultural research institutes. In addition, the FRDC's in-house database includes details on all fisheries R&D the FRDC plans, funds and manages. This is over 60% of all fisheries R&D undertaken in Australia.

The Government strongly supports this recommendation and believes that the FRDC's involvement in the Rural Research Database Committee is the best method of ensuring that it is achieved efficiently and effectively.

Recommendation 34

That the Fisheries Research and Development Corporation receive its funding on the same basis as other industry research and development corporations to give greater certainty of funding levels on a year to year basis.

Government Response:

The FRDC is currently funded by industry and Government. The Commonwealth Government provides matched dollar for dollar industry contributions of up to 0.25% of the GVP of the commercial fishing industry. In addition to these funds the Government provides unmatched funding of up to 0.5% of GVP.

As the FRDC is responsible for conducting research in both Commonwealth and State managed fisheries, the States are responsible for the collection of funds from industry. The States may obtain their industry contributions for the FRDC using a number of options including industry levies, licensing fees or sourcing funds from their own fisheries departments budgets.

Some States and the Commonwealth, notably South Australia and AFMA already pay the full 0.25 per cent of GVP to FRDC, and Victoria, Tasmania, Northern Territory and Queensland make substantial contributions to FRDC from the relevant Departments, although not through a specific R&D levy.

In July 1997, at the Ministerial Council on Forestry, Fisheries and Aquaculture (MCFFA) meeting, the then Commonwealth Minister for Resources and Energy, raised the issue that the funding for fisheries research was not being maximised due to the States not obtaining the maximum amount of industry funds for the FRDC. MCFFA considered two options for providing greater certainty in FRDC's funding.

Options included the introduction of a national collected levy of 0.25% of GVP for FRDC, or for the States to collect compulsory levies based on the Federal Minister's determination of 0.25% of GVP and to pass this on to the FRDC. MCFFA noted that the national approach to collecting industry contributions would require specific legislation and additional resources for the funds collection. All other R&D Corporations collect their industry contributions through compulsory levies.

MCFFA supported the option of the State Governments collecting compulsory R&D levies based on the Federal Minister's determination of GVP, under the States legislation, and passing on the 0.25% to FRDC. MCFFA noted that the arrangement for transfer of funds from each State/Territory to FRDC, including expectations in terms of research outlays, could be codified in a Memorandum of Understanding.

The Government supports the intent of this recommendation and in conjunction with the States and the Northern Territory is pursuing the goal of greater certainty of funding levels to the FRDC through MCFFA.

Recommendation 35

That the *Fisheries Management Act 1991* be amended so that the Commonwealth can, where necessary, regulate the activities of all fishing (including recreational fishing) in Commonwealth waters regardless of the existence of a management plan for a fishery.

Government Response:

The Commonwealth is currently responsible for the management of all commercial fisheries under its jurisdiction (including charter fishing). If necessary, it can also under the *Fisheries Management Act 1991*, manage recreational fishing under a management plan within its jurisdiction. Traditionally, the States and Northern Territory have managed recreational fishing and have demonstrated a clear desire for this to continue.

Discussions at the SCFA and MCFFA in August 1998 and April 1999 supported the ongoing management of the recreational and charter fishing sectors for all species by the States and Northern Territory. It was considered that the transfer of the charter component of Commonwealth managed species would support recent management developments in the State and Territories, which would enable them to more effectively use their management, research and enforcement resources and expertise in the charter and recreational sectors. Several States and Territories have made legislation to manage charter fishing for all species in association with recreational fishing. However, the Commonwealth remains responsible for an overall stewardship role in Commonwealth managed fisheries as well as in managing marine resources in general.

SCFA discussions earlier this year associated the need for a framework for allocation between the recreational/ charter and commercial fishing components of Commonwealth fisheries with the transfer of day to day management of charter fishing. The proposed approach would provide for complementarity of management and data collection arrangements between the States/Territories and those of the Commonwealth for the commercial sectors and enable compliance with international obligations that Australia has or may undertake.

Consideration is being given to an amendment to the *Fisheries Management Act 1991* covering provision for management of charter fisheries in the Australian fishing zone by the States/Territories unless provided for in a Commonwealth management plan. Such reserve power would reflect the Commonwealth's stewardship responsibilities.

The Government does not support this recommendation, given that it already has current responsibility for managing all commercial fisheries under its jurisdiction, and if necessary, the recreational component of those fisheries through a management plan. While there is general support for day-to-day management by State/Territories, the Government recognises the need to maintain an overall stewardship role in Commonwealth fisheries resources.

Recommendation 36

That the Australian Fisheries Management Authority extend cost recovery to recreational fishers who are defined as commercial operators under the Commonwealth fisheries legislation.

Government Response:

The Government has a policy of 100 per cent cost recovery of attributable management costs for fisheries managed under its jurisdiction. However, the Government believes that cost recovery for recreational fisheries management is a matter that will have to be dealt with in the context of the proposed transfer of day-to-day management responsibility to the States/Northern Territory.

Given that in Recommendation 35 above, the MCFFA has supported the States taking on responsibility for recreational and charter fishing, the Government does not support this recommendation.

Recommendation 37

That the Australian Fisheries Management Authority impose a ban on the take, possession and landing of blue and black marlin in the Australian Fishing Zone by commercial fishers.

Government Response:

Since the Committee reported in June 1997, the Government has amended the *Fisheries Management Act 1991* to ban the commercial fishing for blue and black marlin. This development also addresses Recommendation 2 of the First House of Representatives Report on "Developments in New Zealand Agriculture – Report of a Visit to New Zealand, 16-19 June 1997."

The Government supports this recommendation and has implemented it. No further action is required on this recommendation.

Recommendation 38

That the Australian Fisheries Management Authority introduce a tag and release program on blue and black marlin for recreational fishers that allows a limited number of blue and black marlin caught by recreational fishers to be landed for weigh-in purposes. The number of blue and black marlin that can be landed each year should be determined by AFMA in consultation with legitimate stakeholders in the fishery.

Government Response:

Game fishing associations currently tag and release blue and black marlin on a voluntary basis. The approach to recreational fishing management supported by the MCFFA and discussed in the Government's response to Recommendation 35, would require general consensus from all jurisdictions on any tag and release program adopted and is a matter that should be considered in the context to transferring day-to-day management to the States/Northern Territory.

From a fisheries management perspective and given that the responsibility for management of marlin would be passed on to the States/Territory in line with Recommendation 35, it would be preferable to continue with the existing voluntary arrangements for tag and release undertaken by the Game Fishing associations than to introduce a costly regulatory framework for such a program.

The Government does not support this recommendation.

Recommendation 39

That in order to protect stocks of blue and black marlin and the viability of the charter and game fishing sectors, the Australian Fisheries Management Authority should not re-issue Area E permits to commercial longline fishers.

Government Response:

The ban on the take of blue and black marlin by commercial fisherman was implemented by Government (See Rec 37). The Government is committed to the pursuit of multiple use of marine areas. The commercial operators in Area E target tuna and since implementation of the ban, do not take blue and black marlin. Commercial tuna operators and game fishers should be able to operate in the same region in order to ensure maximum utilisation of the marine resources in this area. The recommendation not to re-issue Area E permits to the current (13) commercial longline fishers would contravene this policy. There is also no scientific evidence that stocks of blue and black marlin, or strike areas are significantly affected by the activity of commercial tuna longline vessels in Area E.

Associated with the legislation banning the commercial take of black marlin and blue marlin was a requirement for an analysis of the numbers of blue and black marlin in the AFZ and the impact of charter and recreational angling on those species. This analysis, which was recently concluded, was titled "*Assessment of Black Marlin and Blue Marlin in the Australian Fishing Zone*" and reported that fishing activities in the AFZ are likely to have a small impact on the stocks compared with the currently unregulated fishing activities in the wider Pacific and Indian Oceans.

Other observations were that previous commercial fishing area closures have not resulted in any detectable changes in catch levels and that subtle variations in the distribution of marlin on an ocean scale (linked to ocean circulation and temperature) may be responsible for a large proportion of the variation in year to year catch rates experienced by charter boats.

The Government therefore does not support this recommendation.

Recommendation 40

That the Australian Fisheries Management Authority, through its presence on the Torres Strait Protected Zone Joint Authority, seek greater consultation and cooperation with Papua New Guinea over management and surveillance in the fisheries of the Torres Strait Protected Zone.

Government Response:

The Torres Strait Treaty requires consultation and joint management of cross border fisheries between Australia and Papua New Guinea (PNG). The Government maintains contact with PNG authorities through meetings between AFMA's Manager based in the Torres Strait and officials from the PNG National Fisheries Authority.

The Torres Strait Protected Zone Joint Authority consists of the Commonwealth and Queensland Ministers responsible for fisheries, with an AFMA member participating in meetings as the Commonwealth Minister's advisor. As a national authority it jointly regulates the management of the fishery.

As the Torres Strait Protected Zone Joint Authority effectively deals with Commonwealth/State management it is not the appropriate forum to deal with cross-border issues with PNG. However, the Government notes that AFMA has pursued closer ties on fisheries in so far as is possible without involving issues that require diplomatic resolution or discussion, ie. the involvement of the Department of the Prime Minister and Cabinet, and the Department of Foreign Affairs and Trade.

The Government supports this recommendation and supports the efforts that AFMA has made to promote closer ties with its counterparts in the PNG National Fisheries Authority on the management of the Torres Strait Protected Zone.

Recommendation 41

That the Australian Fisheries Management Authority involve traditional fishers in the management of Commonwealth fisheries where they are legitimate stakeholders, in line with the broadening representation occurring in the management environment. Where appropriate, this should involve representation on management advisory committees, either as full members or as observers.

Government Response:

The approach to fisheries management adopted in 1991 with the introduction of the *Fisheries Management Act 1991* and the *Fisheries Administration Act 1991* was developed to give legitimate stakeholders greater involvement in Commonwealth fisheries management. As highlighted in the Government's responses to the Standing Committee's recommendations concerning the MACs (Recommendations 8, 9, 10 and 11), AFMA is actively including a broad range of stakeholders in the management of fisheries.

AFMA has also appointed permanent observers to a number of MACs to provide further coverage for the interests of all stakeholders in a fishery. In the Northern Prawn MAC indigenous groups have been included in management discussions in which they have a legitimate interest.

The Government supports this recommendation and supports AFMA's approach to broadening participation in the MAC process by stakeholders, where appropriate.

Recommendation 42

That in order to provide a national focus and national identity for the fishing industry, fishers be subject to a compulsory levy to enhance the role of the Australian Seafood Industry Council. The Minister should determine how this levy will be collected and administered equitably across the industry.

Government Response:

A series of levies principles designed to reflect the attitude of individual industries has been previously endorsed by Cabinet. These principles effectively state that compulsory levies for primary industry promotion or marketing organisations are only justified when there is widespread industry support, and where a substantial degree of market failure exists.

The Government believes that establishing a national focus for the fishing industry through the activities of ASIC is not an example of market failure and no case has been established for the imposition of a compulsory levy, at this stage.

The Government does not support this recommendation.

Recommendation 43

That the Australian Fisheries Management Authority regularly review the way its administrative processes and procedures place compliance requirements on industry and report in its Annual Report steps that have been taken to streamline these requirements, in particular through greater use of technology. A key element of the review process should be a requirement for Management Advisory Committees to nominate areas of burdensome administration and paperwork to AFMA.

Government Response:

Arrangements are in place to address this recommendation. For instance, industry (through the MAC's) already scrutinizes AFMA's annual budgets for individual fisheries in great detail and is quick to identify areas where it believes cost savings should be made. AFMA is also working to streamline requirements through the use of technology. In addition, improvements have been made to AFMA's licensing systems and levy processes, which have been enhanced over time to take account of operational and client needs.

Given the above, the Government supports the continuation of efforts by AFMA to seek greater information from industry on areas where improvements in administration and process can be made. It should also be noted that a number of steps have already been taken by AFMA in response to the ANAO Performance Audit to include a greater degree of reporting on its legislative objectives, including the cost-effective management of fisheries. AFMA is required to report in its annual report on the impacts of its activities on small business.

The Government supports this recommendation.

Recommendation 44

That the Australian Fisheries Management Authority review the number of Commonwealth fisheries in order to reduce the number of designated fisheries in such a way that will provide greater administrative efficiency and streamline regulation.

Government Response:

It is the long term strategy of the Government to steadily rationalise the number of Commonwealth designated fisheries in conjunction with industry. The key element in this should be the role of industry in driving reform and the benefits that a reduction in the number of fisheries may be able to deliver.

AFMA is actively pursuing the rationalisation of fisheries and at October 2000 had made good progress in this area. In particular, the amalgamation of the three tuna fisheries and the amalgamation of the southern scalefish and shark fisheries have been the subject of investigation and consultation. A decision to combine the South East Trawl and Non-Trawl Fisheries under a single management plan has been made and consideration of options to amalgamate the tuna fisheries is continuing.

The Government supports the long term approach being taken by AFMA and supports the streamlining of administrative and regulatory arrangements where they are supported by industry and will improve the management of Commonwealth fisheries.

The Government supports this recommendation.