



Australian Government

Australian Fisheries Management Authority



# Research Catch and Effort Allowance Policy

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# Research Catch and Effort Allowance Policy

## PURPOSE

This policy sets out the processes AFMA employs for setting and managing research catch and effort allowance.

## BACKGROUND

### *Why this policy is needed*

Fish stocks managed by AFMA are an Australian community or public resource. The Australian community, together with the fishing industry, benefit from research into those stocks. Some research, especially surveys, can only be undertaken if fish are caught or fishing effort is used. AFMA normally requires that this fishing be undertaken using 'research catch or effort allowance'<sup>1</sup> set by AFMA<sup>2</sup>.

This policy was developed to ensure that the processes for the setting and managing research allowances are consistent and are transparent to stakeholders, while taking into account the characteristics of individual fisheries. Additional drivers for this policy include the following.

1. The introduction of fishery independent surveys as a default stock assessment tool under the 2005 Ministerial Direction.
2. There has been a significant increase, from a very low base, in the number of industry based scientific surveys in recent years that AFMA has funded.
3. AFMA needs to ensure that research allowances are set appropriately, especially when a number of TACs are falling for overfished species.
4. AFMA needs to ensure that government co-funding for research is used appropriately.

Research catch allowance, or the catch likely to result from research effort allowance, is a component of total mortality for fish stock assessment purposes and should be deducted from any sustainable catch. The TAC/E will be based upon the remaining sustainable catch.

To ensure that the value of the research about the community resource is not compromised by the value of the research to the fishing industry, research allowances will be used under scientific permits<sup>3</sup>.

Any unused research allowance will not be distributed to fishers, except for some short-lived species. It would usually not be cost effective to allocate unused research allowance to fishers as it would be either late in the fishing season or would only increase the catch/effort value of fishing concessions by a very small amount.

Financial return from using research allowances must normally be returned to the funding provider rather than users of the research allowance. This ensures that there is no direct financial benefit to those carrying out the research. It also ensures there is no perception of favouritism or inequality in the decision as to which fisher or researcher is allowed to use the

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<sup>1</sup> For brevity, 'research catch or effort allowance' is referred to as 'research allowance' in the remainder of the policy, unless to do so could cause confusion.

<sup>2</sup> This policy does not cover how Regional Fisheries Management Organisations set research allowances.

<sup>3</sup> A scientific permit, issued under Section 33 of the Fisheries Management Act, is the appropriate concession under which to allow research allowance to be used.

research allowance. Sometimes AFMA will agree to allow the fishing industry to fund the field component of a survey and keep the revenue from the sale of catch from the research allowance used.

While research allowance can be considered a community asset, a research allowance will result in a reduction in catch or effort allocated to fishing concessions in the fishing season for which the research allowance is approved. Research allowance can therefore also be considered an industry contribution to research.<sup>4</sup> In the longer term industry and the Australian community will benefit from the research allowance as the outputs of research improve fisheries management decisions made by AFMA.

### *A related policy*

AFMA's *Guidelines for categorising research costs in accordance with the Cost Recovery Impact Statement* should be read in conjunction with this policy.

Research is defined in the Guidelines as follows.

Research is the process of acquiring and developing knowledge that assists AFMA make ecosystem based fisheries management decisions. All research funded by AFMA must be consistent with AFMA's legislative objectives. A strategy for communicating research is considered a valid project output. However, research does not include the communication to stakeholders of management arrangements or their responsibilities.

There are two principles in the Guidelines that relate specifically to this policy.

- In fisheries managed through tradeable catch or effort concessions, provision for research catch or effort should be made within the management arrangements. Research catch / effort should not be decremented from individually allocated concessions.
- AFMA must be satisfied that the catch of fish under a research survey is an appropriate use of the public resource and will not jeopardize sustainability of the stocks.

Under the Guidelines, scientific surveys using industry vessels, may be commissioned in one of two ways:

#### Option 1

Normally, surveys will be a research project subject to the government procurement guidelines and practices. Under this option, AFMA pays a recognised provider for services. Where possible, the procurement<sup>5</sup> should conform to competitive market testing. Costs may include the full costs of doing the survey, including vessel charter or the marginal vessel operating costs for an industry vessel/s. The price should be net of any proceeds for fish sold. Cost recovery policy will apply and normally such surveys will be regarded as management related research, hence 80% of the costs will be payable by industry. AFMA will include this proportion in the relevant fishery levy base.

#### Option 2

Sometimes, AFMA may agree to allow industry to conduct the field component of a survey using industry vessels with the cost of the survey funded by the sale of any catch. In these situations, industry must underwrite the risk that proceeds of fish sale do

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<sup>4</sup> Industry and others, through their participation in RAGs and MACs, will scrutinise research proposals to ensure that the research allowance is set as low as possible to meet the needs of the research.

<sup>5</sup> In the *Research catch and effort allowance policy* the procurement process can determine which industry operators participate in a survey based on an evaluation of, among other things, the cost and the ability of potential industry operators to deliver services that ensure the research needs of the survey are achieved.



not cover costs, but industry may retain any surplus proceeds. This option will still be subject to ARC and Board approval and require the normal reporting and project management. The CRIS will not apply in this case.

The Guidelines allow for research allowance to be used under each commissioning option.

## DEFINITIONS

For the purposes of this policy:

ARC	means AFMA Research Committee
ComFRAB	means Commonwealth Fisheries Research Advisory Body
MAC	means Management Advisory Committee established by AFMA
RAG	means Resource Assessment Group
TAC/E	means Total Allowable Catch/Effort

## PRINCIPLES

These principles should be read in conjunction with the flow diagram of processes for setting research allowance (Attachment 1).

### *When can research allowance be used?*

1. Research allowance can only be used for research projects approved by AFMA.
  - The research allowance for a project will be set to match the research information needs.
  - In approving a research project, AFMA must take advice from the ARC regarding the amount of research allowance for the project. The ARC may in turn take advice from ComFRAB, and must take advice from relevant MACs and RAGs.
  - The ARC will ensure that that the research project includes a cruise plan or equivalent.

### *How is the research allowance set for a species or fishery?*

2. The level of research allowance for a species or fishery for the forthcoming fishing season must be set by AFMA prior to the setting of the relevant TAC/E for the season.
  - The research allowance must be consistent with the species/fishery harvest strategy. A research allowance may be set even if the TAC/E is zero (such as a collapsed stock).
  - In setting the research allowance for a species/fishery, AFMA must take advice from the ARC and relevant MACs and RAGs.
  - In a multi-species fishery research allowances may need to be set for a range of species, not just the species on which the research project is focussed.



- The research allowance set may be greater than that required for approved research projects to allow for anticipated research for which the research proposal is yet to be completed.<sup>6</sup>
- Additional research allowance will only be approved by AFMA within a current fishing season in exceptional circumstances and where the impact is consistent with the harvest strategy. Additional research allowance within a current fishing season for an already approved research project will only be required if significantly more research allowance is required than originally approved. Any small amount of catch or effort in excess of the research allowance can be taken into account in next year's stock assessment and TAC/E setting processes.

#### *How is the research allowance taken into account when setting the TAC/E?*

3. The research allowance will be deducted from the estimate of sustainable catch or effort before the TAC/E is determined.<sup>7</sup>
  - In determining the TAC/E AFMA will take account of whether the amount of research allowance used in the previous fishing season was greater or less than that set for that season.

#### *How do researchers (or others) access research allowance?*

4. Research allowance can only be accessed under an AFMA scientific permit<sup>3</sup> that is issued for an approved research project.
  - Any platform, including fishing vessels and research vessels, may be used under the scientific permit to fish against the research allowance.

#### *What happens to the revenue from fish caught against research allowance?*

5. The holders of the research contract and scientific permit (if different) for the research project must ensure that revenue from the sale of fish caught against the research allowance must be acquitted against the cost of the project.<sup>8</sup>
  - The budgeted costs of the research project must be stated before deducting any amount for the revenue from sale of fish. This ensures that the full cost of the project is explicit to the research funding agency if there is no revenue from the research project. The research proposal should provide a reasonable estimate of the likely range in value of revenue from the sale of fish.
  - If the research project is funded by AFMA, the research provider must ensure that the actual revenue from the sale of fish is deducted from the cost of the research project and provide adequate documentary evidence to support the value of the revenue. If the revenue from the sale of fish is greater than the cost of the research project, then the research provider must pay the surplus to AFMA. AFMA will then credit the relevant industry levybases and other funders on a pro-rata basis. This approach would apply to scientific surveys using industry vessels commissioned under option 1 of the *Guidelines for categorising research costs in accordance with the Cost Recovery Impact Statement*.

<sup>6</sup> This provision is less likely to be needed where RAGs and MACs ensure research proposals are developed in a timely manner.

<sup>7</sup> A research allowance set by a Regional Fisheries Management Organisation will not be deducted from Australia's national allocation when AFMA determines the domestic fishery TAC/E.

<sup>8</sup> This does not apply to scientific surveys commissioned under option 2 of the *Guidelines for categorising research costs in accordance with the Cost Recovery Impact Statement* referred to under the third dot point of this section.



- If the research project is a scientific survey using industry vessels commissioned under option 2 of the *Guidelines for categorising research costs in accordance with the Cost Recovery Impact Statement*, the scientific permit holder must underwrite the risk that proceeds of fish sale do not cover costs, but may retain any surplus proceeds.<sup>9</sup> In this situation fishers should seek advice from the Australian Tax Office regarding the tax implications of participating in a survey.
- AFMA may agree to alternative arrangements for the use of revenue from the sale of fish caught against the research allowance to those above. This may occur for example when: the research allowance is so small that the quantity and value of catch is minimal; the research allowance is approved to be used to target juvenile fish for which there is no commercial market; or the AFMA funding for the research or carriage of financial risk is reduced.

### *Will AFMA monitor the research allowance used?*

6. AFMA will monitor the amount of research allowance used against the amount set for a research project.
  - The permit holder will be required to comply with conditions specified in the scientific permit issued for the research project. These conditions will ensure AFMA can monitor the use of the project's research allowance.
  - Any catch or effort in excess of the research allowance will be taken into account in setting the TAC/E in the following fishing season. This would be a breach of the conditions on the scientific permit and the permit holder could be subject to prosecution action and other consequences.<sup>10</sup>

### *Will AFMA set a research allowance in a fishery that is not managed under a TAC/E?*

7. In some circumstances AFMA may set a research allowance for a species or the fishery that is not managed under a TAC/E. This would allow AFMA to manage and monitor catch and effort for research that is consistent with relevant harvest strategies and objectives in management plans and *Fisheries Management Act*.<sup>11</sup>

## **POLICY REVIEW AND VARIATIONS FROM THE POLICY**

A review of the policy will be undertaken after the policy has been applied to one cycle of research projects.

The Board can approve research projects and use of research allowance that varies from the application of this policy, as an exception to this policy.

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<sup>9</sup> The scientific permit holder is the entity with which AFMA has a legal relationship to ensure the financial risk is underwritten. In practice the underwriting of costs, and determination of what happens to any surplus proceeds from the sale of catch, may be provided by an industry association. If so, the industry association will need an agreement to formalise this undertaking to AFMA.

<sup>10</sup> AFMA has discretion as to when to prosecute holders of scientific permits. For example, the scientific permit could require the holder to seek an amendment to the permit conditions to allow catch in excess of the research allowance originally approved, if it appears to the permit holder that the research allowance will be insufficient to undertake the research. If such an amendment is made, AFMA would not prosecute the holder for the over-catch.

<sup>11</sup> For example: 1) AFMA may wish to limit the quantity of catch or effort undertaken in a research project where the fishery or species is overfished or where there is overfishing; 2) AFMA may wish to limit the impact of research fishing effort on habitat in areas closed to commercial fishing.



