

Review of Fisheries (Fees, Royalties and Levies) Regulations 2008



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Glossary

FCRSC	Fisheries Cost Recovery Standing Committee
FRDC	Fisheries Research and Development Corporation
GVP	Gross Value Production
RFL	Recreational Fishing Licence
RIS	Regulatory Impact Statement
SIV	Seafood Industry Victoria
TAC	Total Allowable Catch
VFA	Victorian Fisheries Authority

Background

The Minister for Agriculture is responsible for the fisheries portfolio. Fisheries Victoria, a division of the Department of Economic Development, Jobs, Transport and Resources (“the Department”), is responsible for the administration of the Fisheries Act 1995 (“the Act”) and its regulations (Fisheries Regulations 2009 and Fisheries (Fees, Royalties and Levies) Regulations 2008). From 1 July 2017, this responsibility will pass to the Victorian Fisheries Authority.

The Act establishes a modern legislative framework for the regulation, management and conservation of Victoria’s fisheries. The Act aims to:

- provide for the management, development and use of Victoria's fisheries, aquaculture industries and associated aquatic biological resources in an efficient, effective and ecologically sustainable manner
- protect and conserve fisheries resources, habitats and ecosystems including the maintenance of aquatic ecological processes and genetic diversity
- promote sustainable commercial fishing and viable aquaculture industries and quality recreational fishing opportunities for the benefit of present and future generations
- facilitate access to fisheries resources for commercial, recreational, traditional and non-consumptive uses
- promote the commercial fishing industry and to facilitate the rationalisation and restructuring of the industry
- encourage the participation of resource users and the community in fisheries management.

The Fisheries (Fees, Royalties and Levies) Regulations 2008 (“the Regulations”) are made under the Act. They prescribe the fees, royalties and levies payable in respect to commercial and recreational fishing licences, quota units, permits and commercial fishing boat registrations.

The Regulations apply to fishing and related activities in Victorian waterways.¹ Victoria has over 2,000 kilometres of coast adjacent to open coastal waters, bays and estuaries. Inland Victoria features thousands of kilometres of rivers and streams as well as a large number of lakes and impoundments. These aquatic environments support hundreds of different species of fish, molluscs, crustaceans and other aquatic invertebrates.

The Regulations are scheduled to sunset on 30 January 2018 and therefore need to be remade by that date in order to continue to collect revenue. The remaking process will involve preparation of a Regulatory Impact Statement (RIS) for public consultation.

The *Victorian Guide to Regulation* requires that for remaking of sunset regulations, an evaluation of the current Regulations is required to inform the department’s views on whether the Regulations need to be remade, alternative options that could be considered, and the analysis of those options.

The present review fulfils that requirement and has been undertaken by Fisheries Victoria.

¹ Within Australia, each state is responsible for fisheries within its internal waters (which include river, lake and estuarine fisheries) as well as fisheries adjacent to its coastline within three nautical miles.

Current fees, royalties and levies and their intended purpose

Recreational Fishing Licences (RFLs)

The current RFL prices are as follows:

Fee	Price in 2016-17	Previous price
3-day licence	\$10	\$6*
28-day licence	\$20	\$12
1-year licence (online)	\$33	\$24.50
1-year licence (agent)	\$35	
3-year licence (online)	\$90	\$66
3-year licence (agent)	\$95	
Group licence	\$35	\$24.50

* \$6 for the previous 2-day licence.

All prices were increased from 1 July 2016, and a discount introduced for online sales (1- and 3-year licences only). With the exception of the 3-day licence, prices are scheduled to convert to fee units from 1 July 2017 and to be indexed annually thereafter. The 3-day licence will remain at \$10 from 1 July 2017.

The purpose of RFLs is to provide a mechanism for recreational fishers to make a contribution to the costs of supporting recreational fishing opportunities in Victoria. This is achieved through the establishment of the RFL Trust Account, into which all RFL fees are paid. Under the Act, money in the Trust Account can only be used for the purpose of improving recreational fishing, which includes covering some costs and expenses incurred in the administration of RFLs and the Trust Account.

The July 2016 increases to RFL prices aimed to generate around \$10.4 million in revenue in 2016-17 and \$11.0 million in 2017-18, while minimising any negative impact of the fee increases on fishing participation. The changes were expected to result in some shifts between licence types, particularly with the introduction of the 3-day licence. Three-day licences replaced the former 2-day licence to better match likely fishing patterns, particularly over long weekends.

A discounted price for online purchases (for 1 and 3-year licences) was introduced to encourage more purchases online.

Commercial levies for fisheries services

As required by the Act, the total charges payable by licence holders are made up of separate levies in the following categories: fisheries management, compliance, research, and administration. The current levies are set out in Appendix A.

The levies have been amended numerous times since the commencement of the current Regulations in 2008. Until 2013, these changes acted to reduce levies where costs were known to be lower than the levies being collected, but levies were not increased where costs were found to be higher. In 2013, levies were increased by 30 per cent as a first step towards fuller recovery of costs.

In 2013-14, all levies were comprehensively reviewed to re-align the levies to the costs of the respective services. This review also took account of improved data sources to inform how total government costs should be allocated between fisheries. The changes in 2013-14

involved decreases to some levies and increases to some levies, with an overall increase in total levy revenue. However, to assist adjustment to higher levies, increases were phased in over three years, with the intended levies to take full effect from 2016-17. The changes also removed a large amount of cross-subsidisation between fisheries that was occurring (i.e., some fisheries were paying levies in excess of the cost of services received).

The levies aim to recover the costs incurred by government in providing the relevant services (referred to in the Regulations as *fisheries services*). The current levies are not intended to recover the full cost of services.

In the regulatory impact statement prepared for the 2013-14 changes to levies, it was estimated that the new levies would recover around \$4 million by 2016-17, or around 80 per cent of the estimated \$5.1 million of costs categorised as “recoverable” from the commercial fishing sector. The “recoverable” costs already excluded around \$24.6 million in costs related to the management of commercial fisheries but that were considered not appropriate for cost recovery (e.g., policy development, Ministerial support and functions, surveillance and inspection of unlicensed fishing). These adjustments were made to recognise that the provision of fisheries services, as part of overall sound management of the state’s fisheries resources, has some public good elements and broader benefit to the community (e.g., making decisions about allowable catch to meet environmental objectives; protecting the value of the assets from which the State can generate a benefit), and activities that would be undertaken by the government even if there were no commercial licences (e.g., monitoring ecosystem health, actions to prevent unauthorised taking of fish).

The gap between the “recoverable” costs and the actual revenue expected reflected a policy decision to collect less revenue in a number of specific areas. These “concessions” were:

- Nil cost recovery for surveillance, intelligence and investigations in relation to all commercial licensee except abalone
- Reduced cost recovery for catch and effort (set at 65 per cent of costs)
- Nil cost recovery for preparation of fishery management plans
- Reduced attribution of costs to finfish fisheries
- Levy cap for small operators.

Some of these items reflected concern by industry about the level of costs, with the concessions providing an opportunity to explore scope for reduction in the cost of services under the new prospective system. The small operator concession acknowledged that some fisheries had a low capacity to pay the full levy. At the time of the regulatory impact statement, the value (i.e., forgone revenue) of the concessions was expected to be around \$1 million per annum.

The following table shows the reconciliation of these costs as modelled in 2013-14:

Costs	Amount in 2013-14	Projected amount for 2016-17
Total costs of managing commercial fisheries	\$26.9m	\$29.7m
<i>Less: excluded costs that relate to wider benefits</i>	<i>-\$22.2m</i>	<i>-\$24.6m</i>
Costs “recoverable” from commercial fisheries	\$4.7m	\$5.1m
<i>Less: “concessions”</i>	<i>-\$0.9m</i>	<i>-\$1.05m</i>
Expected levy revenue	\$3.8m	\$4.05m

This shows that the proportion of cost recovery (expected revenue as a percentage of the “recoverable” costs) was around 80 per cent. As a percentage of *total* costs related to fisheries management, the levies were expected to recover around 13 per cent by 2016-17, up from around 9 per cent in 2012-13.

There have been a number of further amendments to the levies since the 2013-14 changes. These have been principally to adjust levies to take account of changes in the number of licences (so that costs remain distributed among licence holders) as well as material reductions in the cost of some activities.

Transaction fees

The current fees are as follows:

Fee	Fee units	Fee value 2016-17
General permit	10.5	\$146.37
General permit (developing fishery)	27.8	\$387.53
Variation of general permit	10.5	\$146.37
Protected aquatic biota permit	10.5	\$146.37
Variation to protected aquatic biota permit	10.5	\$146.37
Fishing boat registration	3.6	\$50.18
Fishing boat registration renewal	3.6	\$50.18
Fishing boat registration transfer	3.6	\$50.18
Commercial fishery application fee (aquaculture – Crown land and on-shore)	120.6	\$1,681.16
Commercial fishery application fee (abalone access licence, fish receivers’ (abalone), aquaculture private land)	27.8	\$387.53
Commercial fishery application - Fish Receivers' (Scallop) Licence	18.9	\$263.47
Commercial fishery application fee (all others)	18.5	\$257.89
Licence fee for issue or renewal of commercial fishery licences	3.6	\$50.18
Transfer of commercial fishery licence (aquaculture)	18.9	\$263.47
Transfer of commercial fishery licence (abalone access)	27.8	\$387.53
Transfer of commercial fishery licence (other)	18.5	\$257.89
Transfer of individual quota units (abalone)	27.8	\$387.53
Transfer of individual quota units (other)	3.6	\$50.18
Variation of commercial fishery licence	3.6	\$50.18
Abalone quota unit holding statement	3.6	\$50.18
Notification by holder of abalone access licence	3.6	\$50.18

The transaction fees were last reviewed in 2007. The fees were set to recover the actual efficient costs to the department associated with each transaction processed. Given the small amount of revenue involved in these fees, and some being used infrequently, there was limited examination of costs in the 2007 RIS, with most of these fees continuing at the rate prior to the current Regulations. These fees have not been changed (in terms of fee units) since 2008.

Abalone royalty

The Act allows royalties to be set for any fishery licence or permit issued under the Act. However, only abalone quota units have been subject to royalties in Victoria.

Royalties are based on individual quota units. The royalty payable in respect of an abalone quota unit is 7.2 per cent of GVP², less any cost recovery levies for services provided and less the FRDC levy.

The purpose of the royalty is to capture some of the value generated by the fishery, representing the lost value to the community of having the resource taken. In practice, royalties are aimed at recovering a reasonable share of the high profitability of the sector.

The abalone fishery is one of Victoria's most valuable commercial fisheries: almost all of the catch is exported to international markets, predominately in Asia. Abalone are caught along most of the Victorian coastline and the fishery is primarily based on blacklip abalone, though greenlip abalone are also sought. The fishery is quota managed, with a total allowable commercial catch set annually based on the outcomes of a stock assessment process.

In practice, it is difficult to determine the correct royalty amount in the absence of a competitive market for quota units or detailed knowledge of fishers' profitability. The rate of the royalty was developed as a rate acceptable to both government and industry. More recently the Abalone Industry Committee (a subcommittee of Seafood Industry Victoria) has sought lowering or removal of the royalty.

The current formula used to calculate the royalty payment may result in a "negative royalty". That is, where the combined amount of the fisheries services levies and the FRDC levy is more than 7.2 per cent of GVP (for the individual abalone fishery), there is no additional royalty payable and the amount to be paid for the levies is reduced such that only 7.2 per cent of GVP is paid in total.

² GVP being the average weighted beach price per kilogram of abalone multiplied by the weight of abalone in kilograms allocated to the individual abalone quota unit in the quota period to which the royalty relates.

Scope, methodology and concepts

Scope

The principal question of the review is whether the current fees, royalties and levies (collectively referred to as ‘charges’) are achieving what was intended, in terms of both the levels of cost recovery and the policy objectives of the licensing system.

Because the review is a preliminary activity in the remaking of the Fees, Royalties and Levies Regulations, it is limited to reviewing only the content of these Regulations. Matters covered in the Act, other regulations, and various subsidiary instruments (such as management plans) are not within the scope of the review.

The charges included in the Regulations apply to different licences, quota units, permits and registrations as follows:

Licence type	Charges applicable
Commercial fishery entitlements (comprising Access (wild-catch) Licences, Quota Units, Aquaculture Licences and Fish Receivers’ Licences)	<p>These licences are required in order to take or produce fish for sale.</p> <p>Access licences are required in order to take commercial quantities of fish from the wild. Abalone Quota Units govern the amount of abalone that can be taken under a quota management regime. Aquaculture licences authorise the commercial production of fish. Fish Receivers’ licences authorise the receiving of abalone and scallops from Access licence holders.</p> <p>The charge structure involves:</p> <ul style="list-style-type: none"> • an application fee when seeking a licence, to recover costs related to assessing the suitability of an application • a licence fee for the issue or renewal of a licence. The licence issue fee is an administrative cost associated with the processes of issuing of a licence. (The costs relate to receipting revenue, processing the renewal on the database, laminating the licence and despatching the licence to the holder.) Licences are renewable under the provisions of section 57 of the <i>Fisheries Act 1995</i> • annual levies to fund the cost of fisheries services provided to or on behalf of the sector • an annual royalty (abalone quota units only) • a fee to vary a licence • a fee to transfer a licence (not all licences are transferable).
Recreational fishing licences	<p>People over 18 and not otherwise exempt are required to hold a recreational fishing licence (RFL) in order to recreationally fish in Victorian waters. RFLs can be purchased online or at an authorised retail agent. Licences can be purchased for one of four durations: 3 days, 28 days, 1 year and 3 years.</p>

General permits	General permits are issued to applicants who wish to undertake fishing activities that are not authorised under recreational fishing regulations or commercial fishing authorisations. This may include activities such as fishery research where commercial fishing equipment is used to collect fish by persons who do not have a commercial licence. Permits are issued on an as needs basis. Approximately 250 permits are issued annually. The fee structure involves a fee for applying for the permit and a fee for a variation.
Fishing boat registration	Fishing boats need to be registered under the provisions of the <i>Fisheries Act 1995</i> (see section 114) if they are used in commercial fishing activities. Approximately 450 commercial fishing boats are registered in Victoria each year. The fee structure involves fees for initial registration, renewal and transfer.
Holding statement	A holding statement provides the recipient (operator) with a statement of quota balance at the time the statement is provided.

There is overlap in how the current Regulations operate with other regulations. For example, while the current Regulations collect revenue from recreational fishers to pay into the RFL Trust Account, it is different regulations (the Fisheries Regulations 2009) that define the classes of licences and exemptions, which in turn affects the people from which a price can be charged. This review is limited to the operation of the current Regulations only. The Act, the 2009 Regulations, management plans and licence conditions are outside the scope of this review.

This review does not examine levies relating to the Fisheries Research and Development Corporation (FRDC) or peak bodies. Those levies are included in the Regulations but are collected on behalf of the relevant bodies on a simple 'pass through' basis.

The FRDC is a corporation created under Commonwealth Government legislation. The Commonwealth Government expects commercial fishers to contribute to research funding. For many years, commercial fishers have contributed to the FRDC at a rate of 0.25 per cent of GVP per annum. The State Government collects the levy on behalf of Victoria's commercial fishers and transfers the amount to the Commonwealth. Funds collected from commercial fishers by the FRDC are then matched by the Commonwealth.

Seafood Industry Victoria (SIV) and other representative bodies (i.e. Western Abalone Divers' Association and Abalone Victoria Central Zone) have agreements with the State Government to collect levies from the relevant fishers and to grant those monies back to the nominated representative bodies for their operation (subject to the bodies meeting key performance criteria, including appropriate use of the funds). There is no compulsion for the State to undertake this activity. However, the collection of the levy amounts under the Regulations gives legal force to the levies. This benefits the organisations by compelling all relevant fishers to contribute (they would be unlikely to do so otherwise). In the setting of the levy amount, the State would take advice from the representative bodies. (Those levies have not been changed for many years.)

Methods

This review has drawn on a range of analyses. For each of the charges included in the current Regulations, the review sought to determine whether they were operating as intended, whether there were any unexpected or undesirable consequences, and whether there was an opportunity to improve how the current arrangements were operating.

To inform these conclusions, Fisheries Victoria drew on data including:

- detailed sales data of recreational fishing licences, purchased online and through retail agents, over the past ten years. A particular focus was on changes to the number and type of licences purchased in response to the 2016 price changes, compared to the expected changes based on modelling undertaken in 2016
- a targeted survey of a large sample of recreational fishers – during March and April 2017, a survey was conducted of RFL holders who had purchased a licence since 1 July 2016, to gather information on changed behaviour in response to the price changes, attitudes to the RFL prices, and willingness to pay. See further detail about the survey in Appendix B to this report
- the government's data on the costs of providing fisheries services as part of the management of the state's fish resources, and the costs of other transactions
- input from fisheries officers on compliance with, and administration of, the current arrangements
- data from other states where benchmarking of costs may be appropriate
- feedback from stakeholders received through the department's existing consultation channels, and previous feedback from earlier regulatory impact statement processes.

Concepts

Cost Recovery

The Fisheries Services levies and the transaction fees paid by commercial licence holders are based on the government policy of cost recovery.

Traditionally, most government activities were funded from general taxation revenue. With a desire to improve efficiency, transparency and equity, however, governments have increasingly recovered some or all of the costs of various activities by more direct means.

Cost recovery may be defined as the recuperation of the costs of government-provided or funded products, services or activities that, at least in part, provide private benefits to individuals, entities or groups, or reflect the costs their actions impose.

Cost recovery involves setting and collecting charges to cover the costs incurred in undertaking activities such as:

- the provision by government of certain goods and services purchased by customers (e.g. Freedom of Information requests, title searches)
- the administration of regulation (e.g. registration, licensing, issuing of permits, monitoring compliance, investigations, enforcement activity)
- government measures in natural-resource-based sectors (such as forestry, minerals and petroleum, and land-based industries such as agriculture) and ecological services (including wildlife habitat and food sources, soil conservation, water catchment protection, cleaner air, and recreational services).

The costs of these activities need to be recovered in some way – either from users or others who benefit from the good, service or activity; those whose actions give rise to the costs; or from taxpayers more generally.

Typically, the ‘beneficiary pays’ approach can be used to identify who should pay for the provision of government goods and services. Under this approach, private parties should, in general, meet their share of the costs of providing goods and services that confer private benefits. Commensurately, cost recovery charges should not be applied to costs incurred by the Government in fulfilling public purposes and providing public goods and services.

It is Victorian Government policy that cost recovery through fees occurs on the basis of a user-pays system, whereby those who utilise services should be obliged to pay for the cost of those services, rather than having them funded from general taxation revenues. Full cost recovery promotes the efficient allocation of resources by sending the appropriate price signals about the value of all the resources being used in the provision of government goods, services and/or regulatory activities. Further, from a horizontal equity point of view, full cost recovery ensures that those who have benefited from government-provided goods and services, or those who give rise to the need for government regulation, pay the associated cost. Under this approach, those parties who do not benefit or take part in a regulated activity do not have to bear the costs.

There are three important considerations in determining the ‘full cost’ of fees and charges:

1. The service or activity being provided by government should be **necessary**.
2. The services should be delivered as **efficiently** as possible.
3. The costs included should only be those that correspond to giving **private benefits**.

Further, there may be other reasons why charges do not reflect the full cost. These may include matters such as ability to pay (equity), or undesired impacts on other policy objectives (e.g., non-compliance).

Royalties

Royalties differ in several respects from cost-recovery-based charges. Importantly, royalties do not seek to recover actual costs incurred by government. Instead, they are based on the public value of fisheries resources. As fisheries are a publically owned resource, and fishers access fisheries for private gain, royalties allow governments to capture some (or all) of this value on behalf of the public. In essence, a royalty seeks to recover some of the value of the resource taken by the licensees.

Setting the right royalty amount assists in ensuring that resources are used efficiently, i.e., in a way that provides greatest benefit to the community as a whole. The ‘right’ royalty amount should therefore reflect the opportunity cost to the community of allowing the resource to be taken. The opportunity cost is the next best benefit that could be achieved.

If an appropriate royalty could be set, normal market-based behaviour of fishers would produce an efficient industry. Fishers would choose the fishing method, and where and when they fished. Specifically, the royalty would reflect the market conditions that prevailed for the use of the natural resources for which complete property rights existed.

However, in practice the efficacy of royalties is limited where there are incomplete markets. Royalties, or other means of extracting a ‘resource rent’, are currently not used in Australian fisheries, with the exception of the abalone fishery in Victoria (where a royalty is used), and are not common practice worldwide. The government of Western Australia charges levies

that are calculated as a percentage of GVP; however, the purpose of these charges is to recover government costs and not act as a true royalty.

It is not proposed to extend royalty arrangements to any other fishery. The Productivity Commission's report *Marine Fisheries and Aquaculture* noted that many commercial fishing operations are marginal, and it is unlikely that they would earn consistent surplus value that could be extracted by royalty charges. The Productivity Commission also cited challenges associated with calculating an accurate charge.

Optimal price for recreational fishing licence

The Fisheries Act requires that all RFL sales revenue is deposited into a Trust Account, which can only be used for the purpose of improving recreational fishing. The Trust Account is used for funding projects and initiatives that facilitate recreational fishing, such as improving access, and fish stocking. These are things that require central coordination to fund (and often provide) because individual fishers are not able to do them alone, or would have an incentive to 'free ride' on others (i.e., to use the benefit of things paid for by others).

The types of things funded through the Trust Account are known as "public goods". In the absence of any licensing of recreational fishing, projects and initiatives that benefit recreational fishing would not be done unless funded by the government. However, once provided by government (paid for by all taxpayers), it is difficult to limit how much people use the goods and services. While the beneficiaries are generally limited to those likely to participate in recreational fishing, there would be demand for funding these selective public goods higher than the optimal level.

The well-established policy solution to this problem is to require people within the group of beneficiaries to make a compulsory contribution to the cost of the public goods. Only those that make the contribution may use the public goods; the enforcement of the contribution necessitates the use of licences to control who may use the public goods. This ensures that the cost of the public goods is paid for by those that use them through the licence price.

The optimal amount of spending on these public goods is determined by the willingness of the group of beneficiaries to pay for the goods. Where licence prices are below the willingness of fishers to pay for the public goods, not enough of the goods will be provided, and prices should be increased.

However, there is a degree of self-selection when setting licence prices. There is not a uniform willingness to pay for all recreational fishers, but a range of values. Therefore, even at prices below the average willingness to pay, there may be some individuals for whom the price is above their willingness to pay. It is likely therefore that increasing prices towards the average willingness to pay may result in a fall in the number of people buying a licence.

On the other hand, while total revenue from licences is increasing, the additional public goods able to be provided is likely to encourage more people to want to participate in recreational fishing. The nature of the projects funded from licence revenue is specifically aimed at improving access and opportunities for recreational fishing. An increase in the level of public goods (assuming they still meet this aim) in effect induces an increase in willingness to pay, because there is greater net benefit available. That said, in general, an increase in the number of projects is likely to show diminishing returns – that is, as the number of projects increases, the average net benefit of total spending will fall. Falling

average benefits is likely to result in a decrease in the willingness to pay for those additional projects.

At some point, an equilibrium exists reached between willingness to pay and the level of public goods. However, while this may be optimal in economic terms, it may not be desirable. When increasing licence prices, at some point there will be a material reduction in the number of licences being bought, and may even result in less revenue collected overall. This may theoretically be a more optimal outcome – the remaining recreational fishers still enjoy the public goods within their willingness to pay, and may even enjoy them more because there is fewer people to share with. This is not desirable from a policy perspective as the increase in benefits would be concentrated in a smaller group of people, and is inconsistent with the policy objective to increase participation in recreational fishing (which has significant economic flow-on benefits, particularly in regional areas).

Therefore, the ideal prices for licences should increase up to the willingness to pay, but not if the additional projects to be funded by the additional revenue have a materially lower net benefit, and not if the increased prices result in a material decrease in the number of people fishing or a decrease in total revenue available.

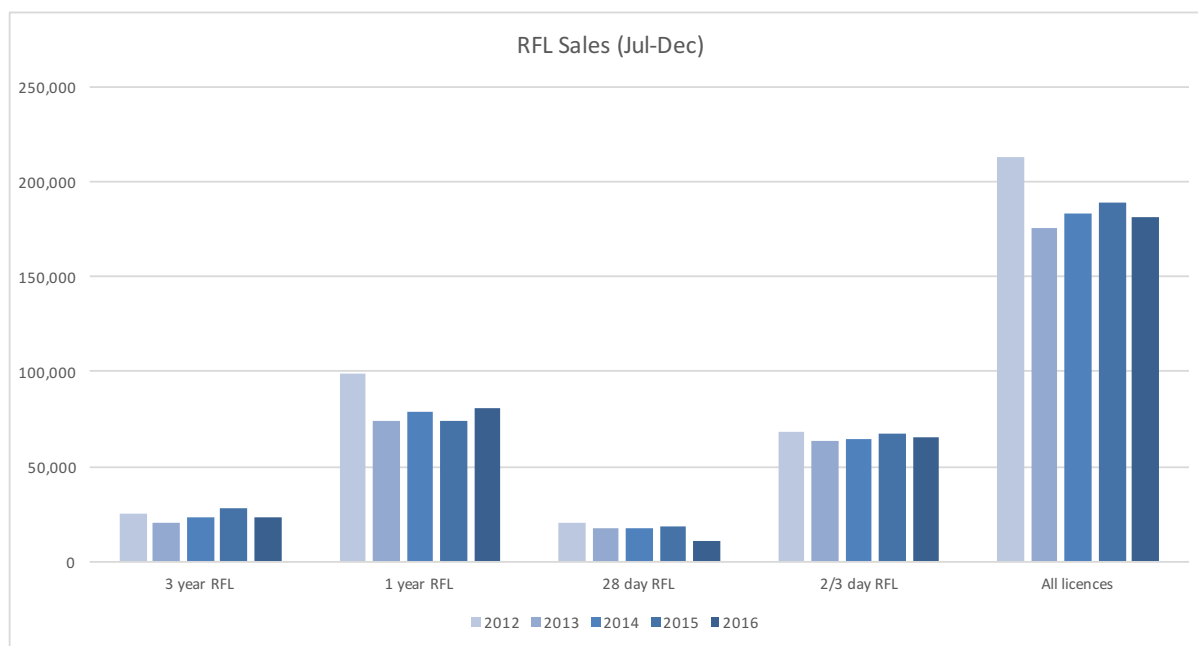
Findings

Recreational fishing licence

RFL sales numbers

In terms of licence numbers, in the seven months to January 2017, the total number of licences purchased has decreased by 4.0 per cent compared to the same period in 2015-16. This reflects:

- A decrease in 3-year licences of 16.8 per cent
- An increase in 1-year licences of 8.3 per cent
- A decrease in 28-day licences of 39.2 per cent
- A decrease in 3-day licences (compared to the previous 2-day licences) of 2.7 per cent.



However, some of this decline is likely to be caused by cycles in licence purchases. For example, there is a 3-yearly cycle in the distribution of 3-year licences (due to their uneven distribution across years). That cycle would already suggest an expected decrease in 3-year licences of 26 per cent in the latest year. After correcting for this buying cycle, the actual number of licences for this period is only 1,402 (0.7 per cent) lower than the same period last year.

This small decrease can be explained by a number of factors, and in particular:

- a small but noticeable bring-forward of purchases of 3-year licences in June 2016 to buy the licences before the price increases. This is estimated to be around 1,000-1,300 licences.
- individual fishers who previously bought multiple short-term licences within a year shifting to buy single licences (1-year or 3-year) to achieve better value for money.³

Only a small number (between 100 and 400) of such a change would be needed to explain the remainder of the reduction in licence numbers. A survey of recreational fishers revealed:

³ 2-day licences were previously 24 per cent of the price of a 1-year licence, but are now 30 per cent.

- 57% of people who previously bought a 2-day licence changed their licence type, with most of these (48%) moving to a 1-year licence. With some smaller shifts to the new 3-day licence from other licence types, the total number of 3-day licences fell by 43%
- 60% of people who previously bought a 28-day licence changed to another licence type, with most (49% of the 60%) shifting to a 1-year licence. With some smaller shifts to a 28-day licence, the net result was a decrease in 28-day licences of 31%
- 22% of people who previously bought a 1-year licence shifted to other licence types (nearly all to 3-year licences), although this is more than offset by shifts from other licence types to the 1-year licence, giving an overall increase of 10%
- 33% of people who previously bought a 3-year licence changed to other licence types, with nearly all of these moving to a 1-year licence. In net terms, 3-year licences increased by 15%, reflecting shifts to a 3-year licence, mainly from 1-year licences
- 68% of surveyed fishers bought the same licence they bought previously.

If less than 1 per cent of the people shifting from 2-day or 28-day licences to a 1-year licence previously purchased two licences within a year, this would coincide with a reduction in total licences sold of 400 (0.2 per cent). The department expects that changes from multiple short-term licences to single yearly licences are almost certain to be more frequent than this. As such, the sales data to date are consistent with an increase in the number of people buying a longer-term RFL since the price increases.

Against this, 4 per cent of fishers shifted from 1 or 3-year licences to 3 or 28-day licences. This may indicate that while they are still fishing, they are fishing less than before.

The modelling for the 2016 price changes assumed that 28-day licences could fall by up to 50 per cent with these licences shifting to 3-day licences. It appears that the reduction was not as significant, but also that the shift was towards 1-year licences instead, with only a slight shift from 28-day to 3-day licences (of 12 per cent), indicating that the change from 2-day to 3-day licences was not a material factor in sales.

It is noted that not all the changes in the surveyed sample were attributed to the price changes. Survey respondents were asked about the reasons for the change in licence type.

- For survey respondents that changed to a shorter duration licence type, only 41 per cent cited the prices as the factor for their change. A slightly larger share (44 per cent) indicated they had decided to fish less.
- Of those that changed to a longer duration licence type, only 15 per cent indicated that price was a factor for their change.

RFL revenue

In the seven months to January 2017, RFL revenue is up 34.5 per cent on the same period a year ago.⁴ This suggests an overall increase in revenue will be realised for the full financial year, with the expected year end revenue between \$9.0 million and \$9.6 million. The expected revenue is less than the figure modelled in the previous RIS (\$10.4 million). Factors contributing to the difference (between \$0.8 and \$1.4 million) include:

- the three-yearly cycle of renewals of 3-year licences, which was not separately modelled in the RIS, accounts for an expected reduction in revenue of around \$900,000 in 2016-17

⁴ Caution must be exercised given the limited data since the price changes. For example, taking revenue only up to December 2016, the increase in revenue over the prior year is only 21 per cent. This suggests a degree of month-to-month volatility which may affect conclusions based on partial-year date.

- the bring-forward of purchases of 3-year licences in June 2016 to buy the licences before the price increases, which would explain a reduction in revenue of \$90,000 to \$120,000
- a higher than expected move to the online purchasing of licences. The 2016 modelling assumed 62 per cent of 3-year licences and 44 per cent of 1-year licences would occur online. In the seven months to January 2017, 80 per cent of 3-year licences and 60 per cent of 1-year licences were bought online. This accounts for a reduction in revenue of around \$70,000.

These known factors explain most of the difference in revenue, and in particular the first two factors would not occur next year. In addition, there is likely to have been an amount of shifting between licence types as some people try to obtain better value for money, but which is not directly observable.

Overall, the RFL sales data are broadly consistent with the expected increase in revenue, suggesting that the price increases have been effective in meeting the objective of increasing revenue for the Trust Account.

Online sales

The 2016 price increases included a discount for online sales. As noted above, in the seven months to January 2017, 80 per cent of 3-year licences and 60 per cent of 1-year licences were bought online, higher than expected. This may overestimate the shift to online purchases, as online purchases typically occur earlier in the financial year on average than in-store purchases.

The survey indicated that 27 per cent of online purchasers bought their previous licence in a store. This indicates a strong shift towards online sales, as projected in the previous RIS modelling.

Most of the shift is due to better convenience (79 per cent) or desire for a plastic card (16 per cent), with only 5 per cent indicating the lower price as the reason for the change. It would appear that the lower price for an online licence does not act as a strong incentive to move to online purchasing. In several cases respondents also noted that the location where they bought their previous recreational licence had since stopped selling such licences; the reduction in local alternatives had driven some people to purchase licences online.

Effectiveness of RFL revenue raised

To be fully effective, the revenue collected from RFL sales must be used on activities that provide a genuine net benefit to recreational fishers. As the amount of revenue raised for the Trust Account is discretionary, the revenue raised and allocated to Trust Account programs should align with fishers' willingness to pay.

Aside from a small amount of revenue used to cover administrative costs necessarily incurred, spending from the Trust Account is subject to rigorous consideration to determine whether it is provided. Proposals for funding continue to significantly exceed available revenue. The department has conducted evaluations on a number of programs funded from the Trust Account and determined that they have provided value for money. Based on the funding allocation process and the program evaluations, the department is confident that programs funded from the Trust Account continue to represent net benefits to the sector.

The survey of recreational fishers identified that, for such fishers:

- 51 per cent of respondents indicated that the RFL price was "a significant factor in deciding whether to buy a licence or which licence type to buy". This response was more prevalent among those who purchased the licence online, and more prevalent among

shorter duration licences. However, cost was considered an important factor for only 48 per cent of those that were aware of the use of RFL revenue for the RFL Trust Account.⁵

- 44 per cent of respondents indicated that RFL price was a significant cost compared to other costs involved in fishing, with 20 per cent indicating the price was “very significant”. The finding of RFL price being a significant cost was more prevalent among shorter duration licence purchasers, and fell to 40 per cent among those who were aware of the use of RFL revenue for the Trust Account.

Some fishers provided responses on their willingness to pay for a RFL on the understanding that all revenue was used for programs in the Trust Account.

- In relation to the revenue generated for the Trust Account, 56 per cent of respondents indicated that the current revenue raised from RFL sales is about right, while 44 per cent indicated that there was a need for increased spending on projects and more revenue should be raised (the survey included a third option ‘reduce RFL revenue and Trust Account spending’, which received zero responses).⁶
- Asked about prices they would be willing to pay, respondents indicated the following:

Licence	Fee in 2016-17	Average willingness to pay	Median willingness to pay
3-day licence	\$10	\$8.75	\$10
28-day licence	\$20	\$23.75	\$20
1-year licence (online)	\$33	\$62	\$50
1-year licence (agent)	\$35		
3-year licence (online)	\$90	\$142	\$120
3-year licence (agent)	\$95		

Some care should be taken in interpreting these results as some respondents did not provide a figure (which may indicate a reluctance to pay more), or only provided a figure for the licence type they purchase.

The lower (average) willingness to pay for a 3-day licence reflects that some of these responses suggested that a lower fee could be introduced for first-time fishers, so that they are encouraged to try fishing. This may have merit, but raises implementation and enforcement questions, which would need to be considered in more detail when remaking the Regulations.

Other impacts

Over the period of 2016-17, there has been no increase in non-compliance identified by fisheries officers.

In addition, no unexpected impacts on fishing behaviour have been identified.

Overall finding

⁵ 77 per cent of survey respondents were aware that all RFL revenue is paid into the Trust Account and used solely for programs and initiatives to improve recreational fishing opportunities. There was less awareness among those that purchase shorter duration licences.

⁶ A number of people who indicated the level of RFL revenue should remain around the same also suggested the RFL prices should be reduced, on the basis that some revenue should be recovered from groups currently exempt from purchasing a licence.

The current RFL prices are achieving their intended purpose. The level of revenue raised is supported by most recreational fishers and is used on programs of value to the sector that continue to demonstrate a positive benefit to the sector.

The impacts of the 2016 price increases are preliminary only, but point to increased revenue as expected, without a fall in the number of people fishing and without any apparent consequential increase in non-compliance.

There is evidence that at least some fishers are willing to pay more for an RFL licence in order to increase the amount of revenue raised, but the majority of fishers consider the current revenue is about right.

The changes in the types of licences purchased indicates there may be limited demand for 28-day licences going forward, with these now being less than 6 per cent of all sales. Licence types should ideally match fishing patterns. The sales data suggests that this licence is not well suited to most fishers, and/or does not represent value compared to other licence types. The department will monitor the sales of this licence type and consider whether to retain it.

Commercial fisheries levies

The fisheries services levies are expected to raise \$2.4 million in revenue in 2016-17, having increased revenue by an average of 4.4 per cent per annum over the past three years.

2013-14	2014-15	2015-16	2016-17
\$2,067,261	\$1,975,028	\$2,291,814	\$2,358,651

This is lower in total revenue terms than the level expected at the time of the 2013-14 amendments (of around \$4 million in 2016-17). This difference is due to a combination of:

- some levies being reduced to reflect fisheries services costs being re-costed downwards (costs have fallen by around 27 per cent in real terms since 2013)
- a reduction in the total number of licences since 2014 (from 2,321 in 2014 to 2,230 in 2017)⁷.

Overall, if the levies introduced in 2013-14 had not been subsequently amended to reflect lower costs, and there had been no change in licence and quota numbers since 2014, the total amount of revenue collected in 2016-17 would have been \$3.8 million, closer to the original projection. If there had been no reduction in costs over this time, this amount of revenue would have recovered around 12 per cent of current total costs.

Because most of the difference in revenue is due to levies being adjusted to reflect lower costs, the overall proportion of cost recovery is similar to what was expected at the time. The department estimates that, in 2016-17, fisheries services levies will recover around 11 per cent of total costs related to commercial fisheries, slightly lower than the 13 per cent projected in the previous RIS. This difference can be attributed to a fall in licence numbers where there was no adjustment to levies made, as well as changes in costs of activities that are not recovered through levies, which affects the overall percentage.

The 2013-14 RIS examined whether the underlying costs were efficient. In answering this question, that RIS considered: a number of reports and reviews which suggested the costs were efficient; the views of the Fisheries Cost Recovery Standing Committee (FCRSC); and

⁷ In some situations, changes in licence numbers are addressed by amending the levies of remaining licensees in each fishery to recover the same amount of revenue. However, this has not occurred in all cases.

the results from benchmarking against fees in South Australia. On this basis, the 2013-14 RIS concluded that the underlying costs were broadly efficient. However, the department agreed with the FCRSC to exclude some specific costs due to a concern by industry about the level of costs, with the concessions providing an opportunity to explore scope for reduction in the cost of services under the new prospective system. Since that time, there have been substantial reductions in costs of some fisheries services, and adjustments to the levies to incorporate these changes in costs.

Noting that a number of cost areas have been reviewed since 2014, resulting in the levies across many fisheries being reduced, the department is now confident that the costs of fisheries services are efficient.

In part due to an improvement in efficiency, the value of the concessions is now lower than projected at the time of the 2013-14 RIS.

Concession	Value of concession 2013-14	Current value of concession
Nil cost recovery for surveillance, intelligence and investigations in relation to all commercial licensee except abalone	\$669,000	\$490,000
Reduced cost recovery for catch and effort	\$115,000	\$100,000
Nil cost recovery for preparation of fishery management plans	\$65,000	\$50,000
Reduced attribution of costs to finfish fisheries	\$83,000	\$50,000
Levy cap for small operators	\$33,000	\$22,000
Total value	\$965,000	\$712,000

The exclusion of some costs related to catch and effort activities and the preparation of fishery management plans are not correctly categorised as “concessions”. In reality, these are activities that also have a larger benefit to the wider community, because they ensure that government decisions about allowing commercial take of the state’s fish resources, and coordinating activities across other fishery objectives, are well informed. Fisheries management plans ensure that the community’s interests are protected. The department considers it appropriate that the government costs related to the preparation of fisheries management plans and 35 per cent of costs related to capturing catch and effort data— together around \$150,000 per annum—continue to be not recovered from commercial fishers, but continue to be met from government funding.

Currently 25 out of 765 total licences receive the small operator concession. The small operator concession is aimed at limiting the levy payable by small operators. However, in practice this is applied on a per fishery basis, where the scale of fishing operators is averaged within each fishery. Therefore, there may be some larger operators (with a greater ability to pay for fisheries services) that received the concession in some fisheries, while some small operators in other fisheries do not receive the concession if their fishery is dominated by larger operators. The department believes this concession could be better targeted to small operators. The FCRSC has also raised a concern on the matter of how small operators are levied. The ability to implement a different approach will be subject to the drafting process of the new Regulations, and will be considered in that context.

Other impacts

The department does not consider that levies have had any material or unexpected impacts on fish prices. There has been no material impact on the viability of operators, although one small bait fisher has advised that full renewal costs make their operation unviable, and that the fisher will be considering whether to renew.

There has been no increase in non-compliance identified by fisheries officers.

Overall finding

The fisheries services levies are achieving their intended purpose of recovering a portion of the costs of providing fisheries services, and balancing the needs of small operators.

2016-17 is the first year in which the full impact of the changes made in 2013-14 will take effect, with most of the levies paid in April and others in June. Therefore, there may be impacts that have not yet materialised.

While the levies are achieving their primary purpose of recovering costs, the RIS on remaking the Regulations will need to examine potential alternative approaches to recover the same amount, such as how costs are allocated between individual licensees. This may provide an opportunity to remove or reduce the reliance on the small operator concession.

In the short term, the establishment of the Victorian Fisheries Authority (VFA) is not expected to affect the cost of any fisheries services. It is likely, however, that the Board and VFA executive will look into all areas of the VFA's operations to ensure it can perform as efficiently and effectively as possible.

Royalty (abalone quota units)

In 2015-16⁸ the royalty resulted in revenue of \$459,030 (being the application of the royalty rate less the amount paid in other levies). Since the current Regulations commenced, the royalty has averaged \$383,897 per year.

Revenue Year	Royalty collected (\$)	GVP (\$)	Royalty as % of GVP
2007-08	1,205,430	26,617,624	4.53
2008-09	308,975	28,528,474	1.08
2009-10	175	20,060,328	0.00
2010-11	221,547	19,541,053	1.13
2011-12	240,077	22,521,450	1.07
2012-13	284,720	23,569,866	1.21
2013-14	791,068	24,890,684	3.18
2014-15	765,586	21,962,304	3.49
2015-16	459,030	19,393,885	2.37
Average	383,897	22,558,506	1.69

It is difficult to determine if this current revenue level is the expected outcome, as the formula used to calculate the royalty (with reference to GVP and other levies) makes volatility in the overall recovery rate inevitable and therefore difficult to forecast and to benchmark.

⁸ Royalties paid in a financial year relate to the licensing period of the following financial year.

To the extent that the amount of the royalty is designed to take account of GVP (a proxy measure of profitability) and payment of other levies, the royalty is achieving its intended purpose. It is unclear how well the royalty formula is actually capturing value in proportion to the surplus value generated by the fishery, and therefore unclear if an appropriate share of the value of the fishery is being returned to the community as a whole.

It is also difficult to benchmark the royalty amount against other Australian jurisdictions, as the other states do not charge royalties on abalone (or any other fisheries).

As noted, the current industry view is that the royalty should be reduced or removed.

The net royalty amount expected to be paid in 2016-17 (for the 2017-18 licensing period) is \$404,030. This is made up of royalties paid by Central and Eastern zone licensees of \$488,153 partially offset by the effect of the negative royalty paid by the Western zone of \$84,067.

Considered in totality, the current structure of the royalty and levies can create problematic incentives. For example, where the royalty rate is higher than the total fisheries services and FRDC levies, there is an incentive for industry to encourage government to increase the amount of fisheries services provided to the fishery. If quota holders are required to pay a total of 7.2 per cent of GVP, they would prefer to receive services in exchange for as much of this amount as possible. This risks reduced scrutiny about the level and efficiency of services provided to these fisheries.

Due to lower GVP caused by an abalone virus and reduced international prices for abalone, the Western zone fishery is currently paying a negative royalty. Accordingly, because the total of fisheries services and FRDC levies exceeds 7.2 per cent of GVP, the royalty formula acts to refund the amount of other levies over and above the 7.2 per cent. This is effectively a subsidy to the fishery, as not only do the fishers pay no royalty, but they also pay fisheries services levies below the actual cost of those services. Lowering the rate of the royalty calculation (i.e. below 7.2%) would increase the size of the subsidy provided to this fishery, while removal of the royalty altogether would mean this fishery pays more in total levies.

Overall finding

The royalty arrangements are still achieving their intended purpose, within the context of adjusting the royalty payable for changes in GVP and other levies. However, there are design concerns in terms of the royalty's interaction with the other fisheries levies, and whether it creates adequate incentives for improving service requirements and efficiencies.

While the factors resulting in the negative royalty for the Western zone are temporary and a return to positive royalties is likely in the medium term, other trends in the fisheries suggest that the amount of fisheries services levies is getting closer to the royalty cap, and in the longer term, the Western and Central zones will be in positions where year to year volatility in GVP will make negative royalties more common.

Changes to the overall amount of revenue collected from the royalty are not proposed. However, future options might include changing the formula for determining the royalty payable—for example, setting a lower royalty rate but not reducing the royalty by the amounts of other levies. Further, the basis for calculating the royalty could be changed—for example, the royalty could be based on the prices paid in transfers. These options would need further consideration of their feasibility, impacts and trade-offs within a RIS.

Transactional fees

In 2015/16, these fees totalled around \$120,000 in revenue collected. As the fees are demand driven (i.e., they depend on a licence holder initiating a specific transaction), there was no revenue target for the fees, other than to meet the costs on a transactional basis.

Fisheries Victoria has estimated the cost of providing each service, as shown below.

Fee	Fee value 2016-17	Estimated cost of service*
General permit	\$146.37	\$142
General permit (developing fishery)	\$387.53	\$213
Variation of general permit	\$146.37	\$142
Protected aquatic biota permit	\$146.37	\$142
Variation to protected aquatic biota permit	\$146.37	\$142
Fishing boat registration	\$50.18	\$36
Fishing boat registration renewal	\$50.18	\$36
Fishing boat registration transfer	\$50.18	\$36
Commercial fishery application fee (aquaculture – Crown land and on-shore)	\$1,681.16	\$284
Commercial fishery application fee (abalone access licence, fish receivers' (abalone), aquaculture private land)	\$387.53	\$284
Commercial fishery application fee (all others)	\$257.89	\$284
Licence fee for issue or renewal of commercial fishery licences	\$50.18	\$36
Transfer of commercial fishery licence (aquaculture)	\$263.47	\$213
Transfer of commercial fishery licence (abalone access)	\$387.53	\$213
Transfer of commercial fishery licence (other)	\$257.89	\$213
Transfer of individual quota units (abalone)	\$387.53	\$213
Transfer of individual quota units (other)	\$50.18	\$36
Variation of commercial fishery licence	\$50.18	\$36
Abalone quota unit holding statement	\$50.18	\$36
Notification by holder of abalone fishery access licence	\$50.18	\$36

* Excludes non-staff costs; and excludes transactions that raise unexpected or unique issues and that therefore require more time and entail a higher cost.

The estimated costs should be considered indicative only based on a desktop review rather than tracking of times to process actual individual transactions. This level of analysis is appropriate given the very small amounts of revenue collected by these fees. The estimated costs are based on the manager's experience of how long it takes to action a typical routine transaction, and then multiplying that by the hourly rate (\$71/hr) associated with the staff who action the transactions. Transactions that may sometimes raise unexpected or unique issues and that therefore require more time (and cost) were not considered. As a desktop review, the estimates include only staff costs. Other 'non-staff' costs, which may have been identified in a more detailed study, are not included.

For many of the transaction categories, there are often very low numbers of transactions each year, and in 2015-16 there were no transactions processed for licence applications for access licences, abalone access licences, and aquaculture crown land licences. This makes it difficult to have confidence in the precision of the estimates, and they should be viewed as an approximation only.

The review of costs found that nearly all the transaction costs were now below the current fees, by around 8 per cent on average (for the transactions processed in 2016-17). The department therefore considers there is a basis to re-align the fees to the estimated costs. The department will examine reducing these fees in the regulatory impact statement prepared for the remaking of the Regulations.

Other states have fees for some of the above transactions. Relevant fees are set out in Appendix C. Care should be taken when comparing fees with those in other states. There is not a direct match, as the transactions required in each state are relevant to the principal Act and other arrangements in fisheries management. Even where similar fee categories exist, the activities performed by the government may not be directly comparable, as the different legislation in each state may dictate the steps involved in effecting each transaction. Lastly, the extent to which other states' fees are set to recover the actual cost of each transaction is unclear.

In the short term, the establishment of the Victorian Fisheries Authority (VFA) is not expected to affect the cost of any fisheries services. It is likely, however, that the Board and VFA executive will look into all areas of the VFA's operations to ensure it can perform as efficiently and effectively as possible.

Overall finding

The current transactional fees are generally higher than the estimated costs of each transaction, and the forthcoming regulatory impact statement should consider lowering these fees.

Conclusions

The current Regulations, as amended within the past ten years, are broadly achieving their intended objectives. The fees, royalties and levies applying to commercial and recreational fishing should continue at the same levels in remade Regulations from 2018.

The current RFL prices are achieving their intended purpose. The level of RFL revenue is supported by most recreational fishers and is used on programs of value to the sector. Data on the impacts of the 2016 price increases are preliminary only, but point to increased revenue, as expected, without a fall in the number of people buying licences. Once the higher revenue collected in 2016-17 starts flowing through to Trust Account programs and grants, improved access and availability of recreational fishing should assist in supporting increased participation in recreational fishing, consistent with the government's Target One Million policy.

There is evidence of at least some fishers being willing to pay more for a RFL licence, but the majority of fishers consider the current amount of revenue is about right. There remains a relatively low level of awareness of how RFL revenue is spent on projects to support recreational fishers. The department and the VFA will consider this awareness level in the future management of the Trust Account.

The Fisheries Services levies are achieving their intended purpose of recovering a portion of the costs of providing fisheries services, and balancing the needs of small operators. On the basis that the underlying costs on which the levies are based have not changed materially (i.e., the costs have increased in line with changes in the value of fee units), the current levy arrangements should continue in the remade Regulations. The RIS will need to explore whether alternative approaches are feasible and to confirm that the costs remain efficient. There is an opportunity to consider ways to better target the small operator concession.

The royalty arrangements for abalone quota units are achieving their intended purpose, within the context of allowing the amount of the royalty payable to vary for changes in GVP and other levies. However, the design of the royalty effectively provides a subsidy, which is not transparent, where the cost of fisheries services exceeds the royalty rate. This reduces industry incentive to scrutinise the level and efficiency of the fisheries services it receives. In the future, the department should explore the feasibility of identifying other data that could validate the overall amount of royalty revenue.

In general, the current transactional fees are now higher than the estimated costs of each transaction. The forthcoming regulatory impact statement should consider aligning these fees to the estimated costs.

Appendices

Appendix A: Current commercial levies

The Fisheries Services levies are set according to four individual levies for each fishery. These are: research; management; compliance; administration. The following table describes the types of activities performed by the department in each category.

Activity area	Description of services
Research – includes scientific assessment and modelling	Applied scientific research studies and assessments are required to understand the biology of the fishery to establish the Total Allowable Catch (TAC). This includes analysis and modelling of data for stock assessment (including from catch and effort recording, dive surveys and other surveys). This type of research is essential to determine the sustainable resource base for a fishery.
Management – includes planning and operational management for fisheries	For most fisheries in Victoria, a management plan is typically developed to manage harvest and access. This plan covers a range of aspects such as: the establishment of the TAC; its assignment to quota holders (e.g. for quota-managed fisheries such as rock lobster, abalone, giant crab and scallops in Victoria) and effort or input controls to limit catch; compliance issues; and other regulatory issues. In the aquaculture sector, reserve management plans are prepared for the allocation of crown resources.
Compliance – includes surveillance, intelligence, inspections and education	A range of compliance services are undertaken, such as surveillance, intelligence, investigations, inspections and education services. Some compliance services are solely associated with the commercial sector (e.g. compliance by licence/quota holders with commercial fishing rules) while others are associated with the overall protection of the fishery, such as monitoring to detect illegal fishing.
Administration – Licence administration and cost recovery administration	Licensing is used to monitor and manage commercial and recreational access. Licences are required for commercial and recreational fishing and for boat registrations and renewals. This service also includes managing the collection of “catch and effort” data that must be provided to Fisheries Victoria by licence holders. To maintain and administer the cost recovery system requires appropriate process and systems; consultation on services and costs; and fees and levy setting. It also includes support for the Fisheries Cost Recovery Steering Committee (i.e., payment of sitting fees and personal expenses of members; only payment of sitting fees and personal expenses are cost recovered).

The above table shows all activities related to commercial fisheries. Not all these activities are included in the calculation of the current levies. The following table shows which activities are included in levies and which are not included.

Review of Fisheries (Fees, Royalties and Levies) Regulations 2008

Included	Excluded
Research	
Data collection, monitoring and analysis for stock assessment Research on environmental impacts of commercial fishing	Environmental Research Ministerial support
Education and Enforcement	
Inspections of licensed or authorised commercial fishers Surveillance of licensed or authorised commercial fishers (abalone only) Intelligence related to licensed or authorised commercial fishers (abalone only) Investigation and/or major case management related to licensed or authorised commercial fishers (abalone only) Education provided to commercial operators	Ministerial Support Inspections of unlicensed or unauthorised commercial activities Inspections of licensed or authorised recreational activities Surveillance of unlicensed or unauthorised commercial activities Surveillance of licensed or authorised recreational activities Intelligence related to unlicensed or unauthorised commercial activities Intelligence related to licensed or authorised recreational activities Investigation and/or major case management related to unlicensed commercial activities Investigation and/or major case management related to licensed or authorised recreational activities Community engagement
Fisheries Management	
Setting quota and harvest limits Operational management of marine fisheries Operational management of freshwater fisheries Operational management of aquaculture fisheries	Ministerial support Regulatory (policy) services Emergency management Fishery Management plans
Administration	
Commercial Catch and Effort (65% of costs) Quota catch recording services IT support systems for licensing and quota management Commercial Licence & Quota administration Cost recovery IT	Cost recovery policy Cost recovery regulation amendment Cost recovery administration

Review of Fisheries (Fees, Royalties and Levies) Regulations 2008

The fisheries services levies applicable for each fishery in 2016-17 are as follows:

Licence	FS levy (fee units)	FS levy (\$ in 2016-17)
Abalone (Western Zone) Fishery	29.7	\$414.00
Abalone (Central Zone) Fishery	13.4	\$186.80
Abalone (Eastern Zone) Fishery	12.8	\$178.40
Abalone (Western Zone) Black Lip Quota Unit	50.1	\$698.40
Abalone (Western Zone) Green Lip Quota Unit	0	\$0.00
Abalone (Central Zone) Black Lip Quota Unit	37.8	\$526.90
Abalone (Central Zone) Green Lip Quota Unit	21.9	\$305.30
Abalone (Eastern Zone) Black Lip Quota Unit	49.1	\$684.50
Bait (General) Fishery	60.1	\$837.80
Corner Inlet Fishery	198.6	\$2,768.50
Eel Fishery	136.9	\$1,908.40
Gippsland Lakes Fishery (Bait)	89.3	\$1,244.80
Giant Crab Fishery Licence	69.9	\$974.40
Individual giant crab (western zone) quota unit	6.2	\$86.40
Gippsland Lakes Fishery	413	\$5,757.20
Gippsland Lakes (Mussel Dive) Fishery	79.5	\$1,108.20
Lake Tyers Fishery (Bait)	211.8	\$2,952.50
Mallacoota Lower Lake Fishery (Bait)	233	\$3,248.00
Snowy River Fishery (Bait)	130.3	\$1,816.40
Ocean Fishery	22.5	\$313.70
Purse Seine (Ocean) Fishery	95.8	\$1,335.50
Scallop (Ocean) Fishery	26	\$362.40
Wrasse (Ocean) Fishery	67.5	\$941.00
Port Phillip Bay (Mussel Bait) Fishery	115.3	\$1,607.30
Purse Seine (Port Phillip Bay) Fishery	85.4	\$1,190.50
Scallop Dive (Port Phillip Fishery)	1321.2	\$18,417.50
Sea Urchin Fishery	132.3	\$1,844.30
Westernport/Port Phillip Bay Fishery	85.4	\$1,190.50
Rock Lobster Fishery Western Zone Licence	168.9	\$2,354.50
Individual rock lobster Western (quota unit)	7.8	\$108.70
Rock Lobster Fishery Eastern Zone Licence	157.7	\$2,198.30
Individual rock lobster Eastern (quota unit)	16.5	\$230.00
Sydenham Inlet Fishery (Bait)	175.3	\$2,443.70
Trawl (Inshore) Fishery	41.2	\$574.30
Aquaculture (Private Land- indoor intensive)	41.3	\$575.70
Aquaculture (Private Land- tourism) Licence	70	\$975.80
Aquaculture (Crown Land - Abalone) Licence	122.1	\$1,702.10
Aquaculture (Crown Land - Bivalve Shellfish) Licence	237.2	\$3,306.60
Aquaculture (Crown Land - Eels) Licence	153.3	\$2,137.00
Aquaculture (Crown Land - Other) Licence	82.8	\$1,154.20
Aquaculture (Crown Land - Offshore) Licence	104.7	\$1,459.50
Aquaculture (On-shore Abalone) Licence	231.8	\$3,231.30
Aquaculture (Private Land - Eels) Licence	27.5	\$383.40
Aquaculture (Private Land - Marine) Licence	158.2	\$2,205.30
Aquaculture (Private Land - Warm Water Finfish) Licence	82	\$1,143.10
Aquaculture (Private Land - Ornamentals) Licence	40	\$557.60
Aquaculture (Private Land - Salmonids) Licence	43.9	\$612.00
Aquaculture (Private Land - Other) Licence	377.4	\$5,261.00
Aquaculture (Private Land - Yabbies) Licence	20.2	\$281.60
Abalone Fish Receivers	402.9	\$5,616.40
Scallop Fish Receivers	44	\$613.40

Appendix B: RFL Survey Results

Method

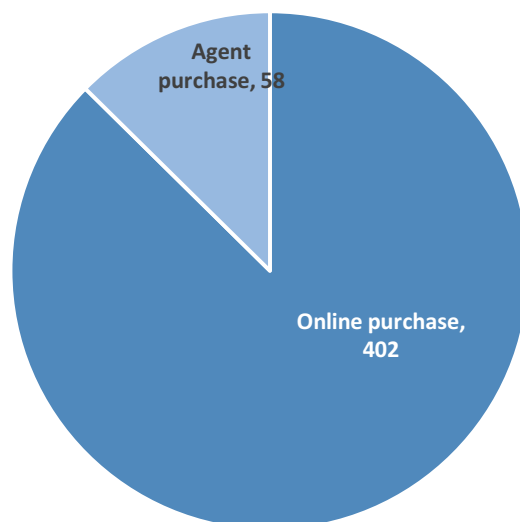
During March and April 2017, a survey was conducted of RFL holders who had purchased a licence since 1 July 2016. There were 460 survey responses, comprising the following:

- An electronic survey link was sent to 6,338 people who had purchased a licence online. The recipients were randomly selected. There were 391 responses. The response rate reflects an expectation that many recipients may not have received the email, due to transmission failures (e.g., old or incorrect email details), spam blocking or filtering, and is therefore within an acceptable range for a valid survey of this kind.
- 70 hard copy surveys were made available through two retail agents in outer Melbourne suburbs. There were 52 surveys completed and returned to the department.
- Additional surveys were completed by 17 attendees at a focus group held by the department, 6 of which were for licences purchased instore and 11 bought online.

Based on the number of surveys completed and total RFL sales of around 290,000 per year, the accuracy of the survey findings is $\pm 1\%$ for most results.⁹

Response profile

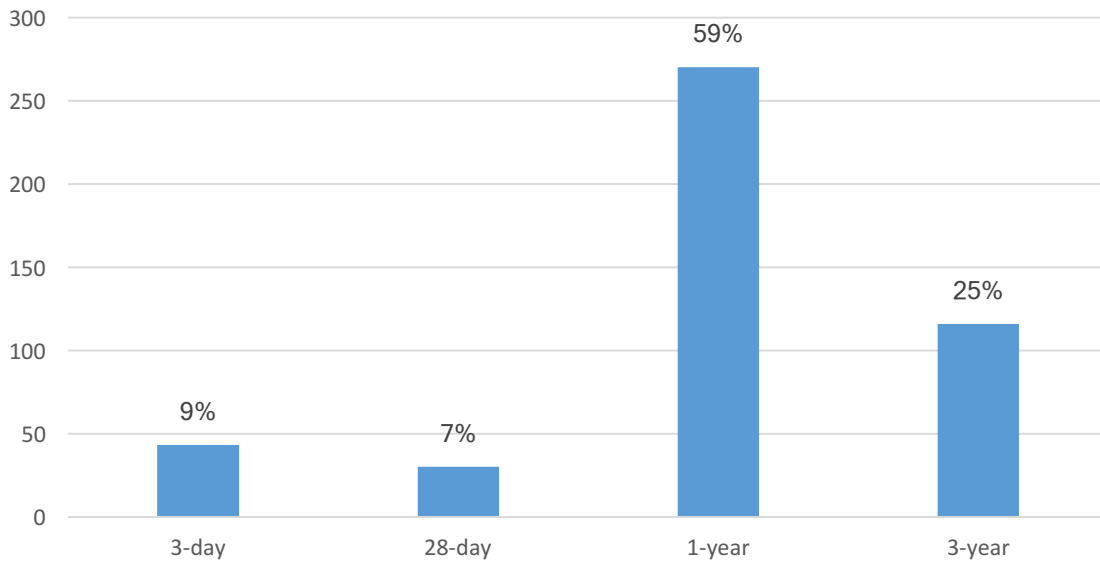
Reflecting the method of distributing the surveys, most surveys completed were for online purchases. This does not reflect the actual proportion of total licences bought online (which is around 60-65%). Therefore, the survey results tend to over-represent online purchasers and were examined only for statistically significant differences between online and in-store purchases.



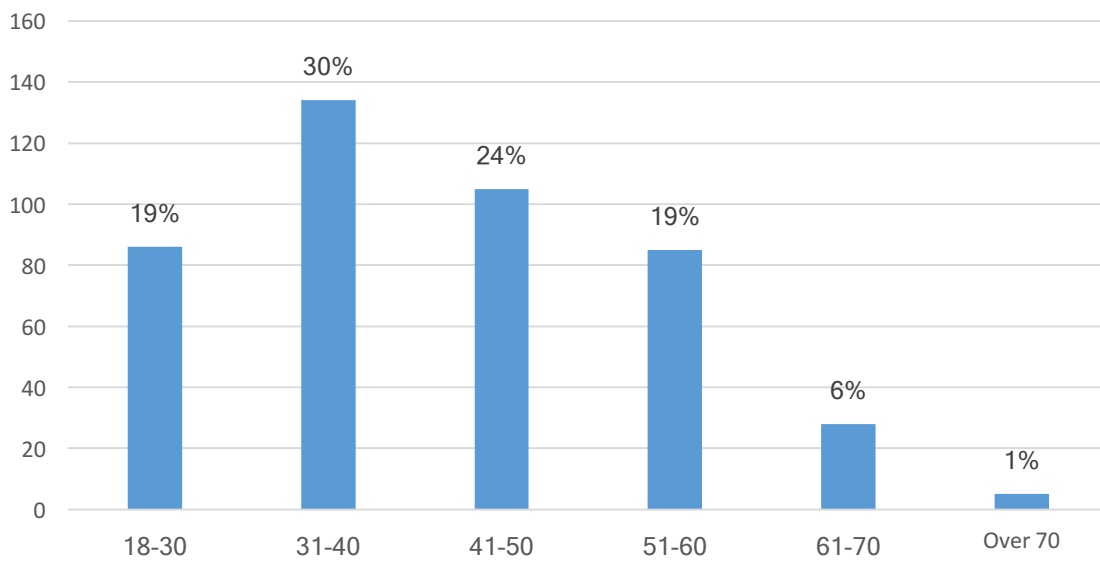
Aside from method of purchase, the responses received are considered sufficiently representative of RFL purchasers.

⁹ Accuracy is at the 95% confidence level. This does not apply for results related to smaller subgroups, as indicated with relevant results.

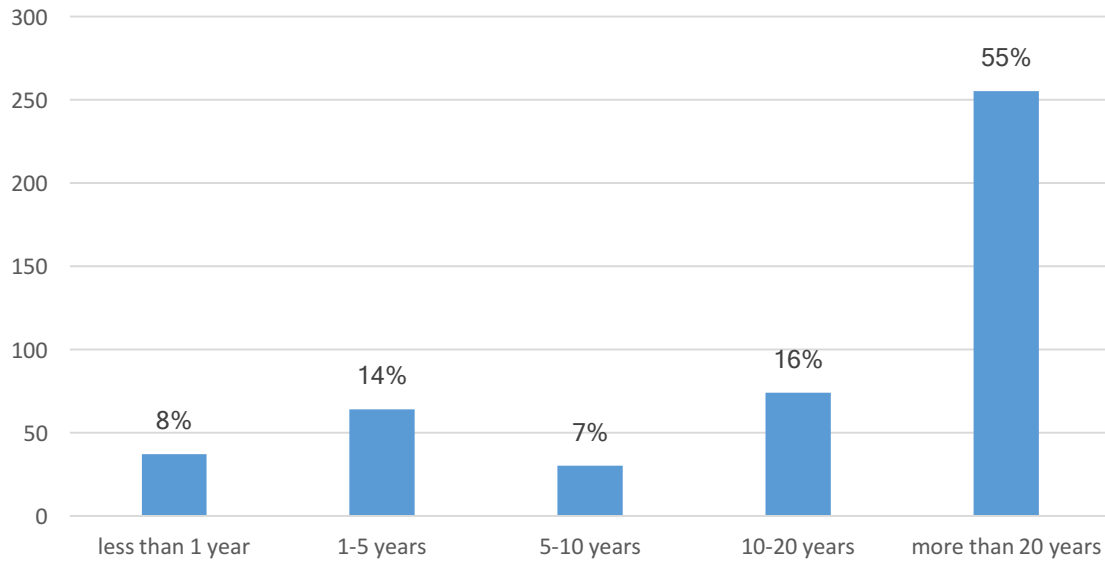
Licence purchased



Age Profile

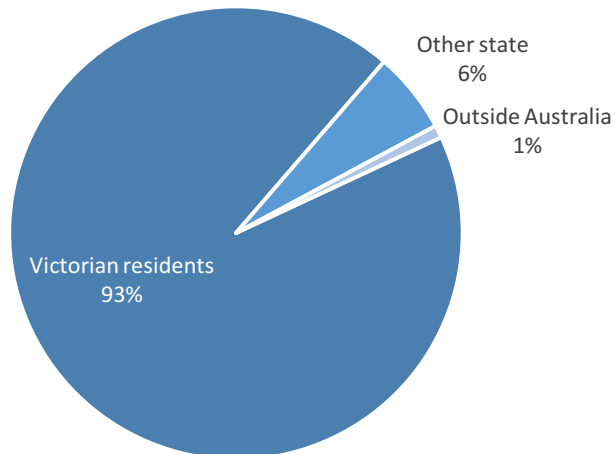


Fishing experience



21% of licence holders ages 18-30 indicated they had been fishing for more than 20 years, and 45% indicated they had been fishing more than 10 years.

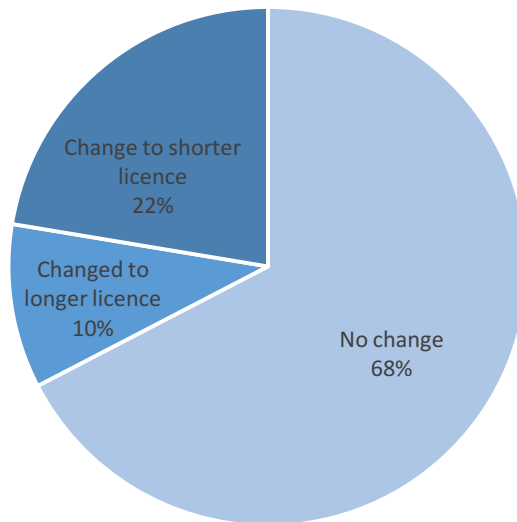
Residence



Findings

1. Changes to licence purchased since price increases

Overall, 68% of surveyed fishers bought the same licence they bought previously. 32% of survey respondents had changed their licence type purchased between their current and previous licence. (This figure ignores those who had purchased a licence for the first time).

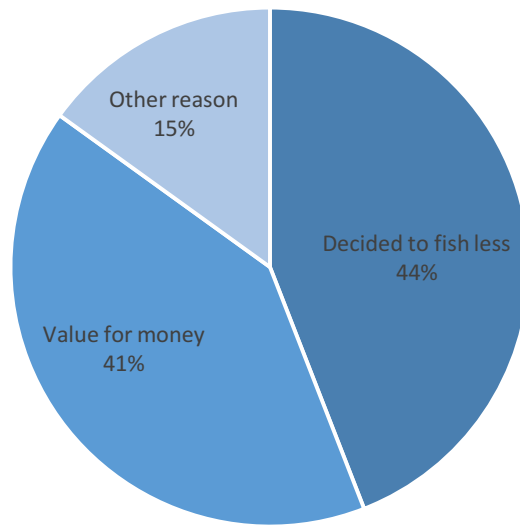


There was slightly more change of licence types among online purchasers (35%) and notably less among purchasers in store (22%, although this has a confidence range of $\pm 5\%$).

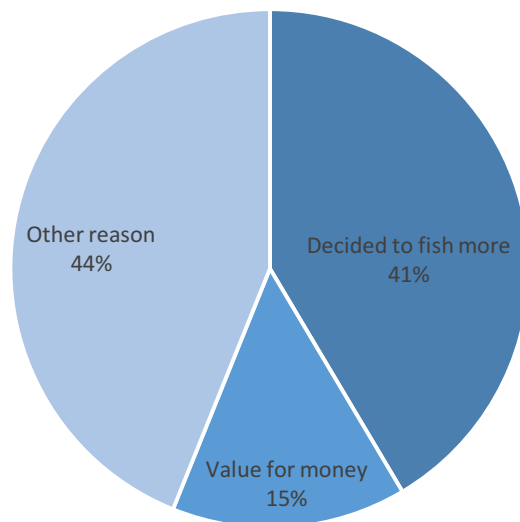
For each licence type, the changes were as follows:

- 57% of people who previously bought a 2-day licence changed their licence type, with most of these (48%) moving to a 1-year licence. With some smaller shifts to the new 3-day licence from other licence types, the total number of 3-day licences fell by 43%
- 60% of people who previously bought a 28-day licence changed to another licence type, with most (49%) shifting to a 1-year licence. With some smaller shifts to a 28-day licence, the net result was a decrease in 28-day licences of 31%
- 22% of people who previously bought a 1-year licence shifted to other licence types (nearly all to 3-year licences), although this is more than offset by shifts from other licence types to the 1-year licence, giving an overall increase of 10%
- 33% of people who previously bought a 3-year licence changed to other licence types, with nearly all of these moving to a 1-year licence. In net terms, 3-year licences increased by 15%, reflecting shifts to a 3-year licence, mainly from 1-year licences.

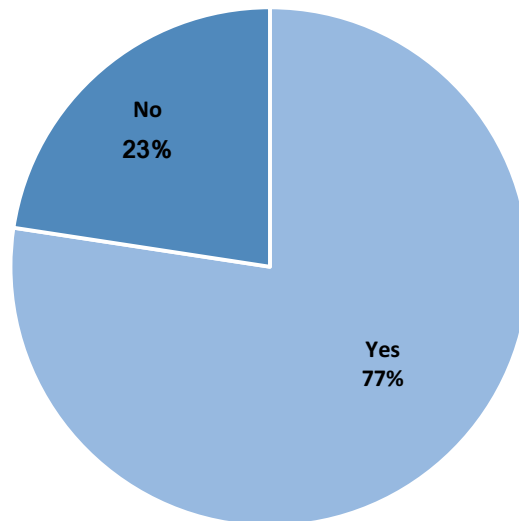
Respondents were asked about reasons for changing their licence type. For respondents who changed to a shorter licence type, the reasons were as follows:



For those licence holders who changed to a longer duration licence, the reasons for the change were as follows:

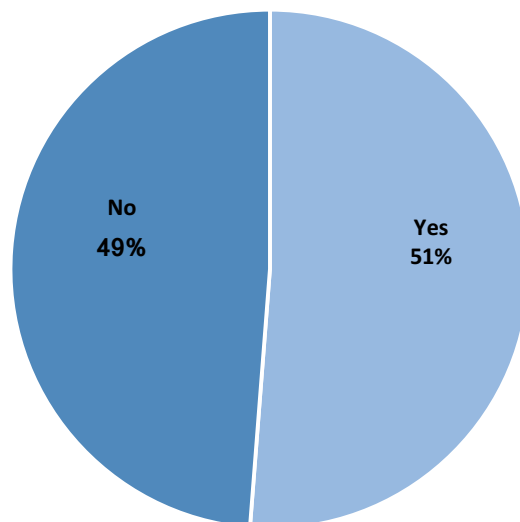


2. Are you aware that the money collected from Victorian recreational fishing licences goes solely to programs and initiatives to improve recreational fishing opportunities in Victoria?



There was less awareness among RFL holders aged under 30 (71%), people fishing less than 1 year (65%), people fishing less than 5 years (69%), and for those who purchased a 3-day licence (60%). There was slightly more awareness among those who purchased their licence in store (79%) although this was not statistically significant.

3. Is the cost of the fishing licence an important factor in deciding whether to buy a licence, or which licence you will buy?



Cost was considered an important factor more among those who purchased their licence online (53%) compared to in-store (38%). By licence type, cost is considered an important factor more commonly for shorter duration licences, and less for 3-year licences:

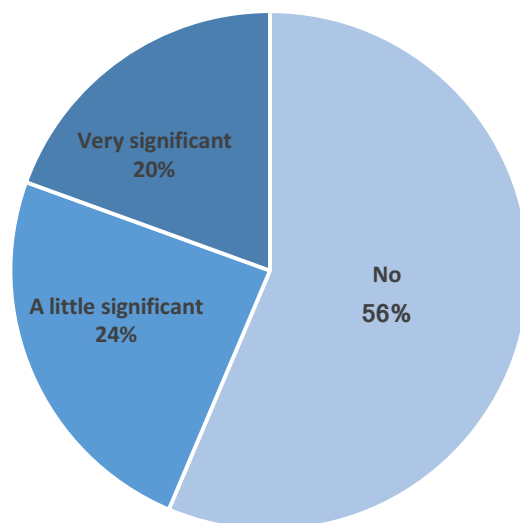
Licence type	Yes	No
3-day	63%	37%
28-day	53%	47%
1-year	54%	46%
3-year	34%	66%

Cost was considered an important factor by 48% of those that changed to a shorter duration licence, and by 60% among those that moved to a longer duration licence. This may reflect the above findings that prices were not a dominant factor in most of the changes to licence types.

Cost was considered an important factor for 48% of those that were aware of the use of RFL revenue for the RFL Trust Account.

There were no significantly different results based on age profile.

4. Is the cost of the fishing licence significant compared to other costs involved in fishing, such as equipment, bait, travel?



There was a small but significant difference in the answers to this question between people who bought their licences online vs in store. 40% of people who bought their licences in store reported cost was a little or very significant, compared with 45% for those people who bought online.

By licence type, cost is considered significant more commonly among shorter duration licences, and less for 3-year licences:

Licence type	Very significant	A little significant	Not significant
3-day	23%	23%	49%
28-day	17%	30%	47%
1-year	20%	23%	54%
3-year	16%	22%	59%

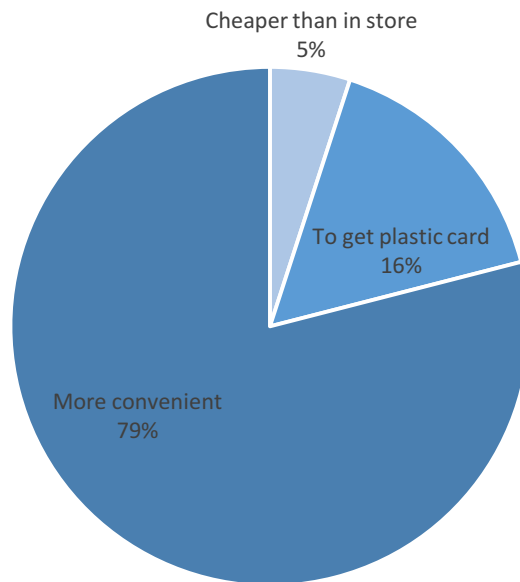
Cost was significant by only 36% of those that changed to a shorter duration licence, and by 44% among those that moved to a longer duration licence. This may reflect the above findings that prices were not a dominant factor in most of the changes to licence types.

Cost was considered significant for 40% of those that were aware of the use of RFL revenue for the RFL Trust Account.

There were no significantly different results based on age profile.

5. Why did you choose to buy your fishing licence online?

27% (104) of people who bought their licences online had changed from previous in-store purchases. Most of those changing purchase method (88%) bought 1 or 3-year licences. The reasons for changing purchase method were as follows:



Responses to this survey question included comments that previous locations for buying licences no longer were sales agents, hence it being no longer feasible to purchase in store.

Appendix C: Interstate comparison – transaction fees

New South Wales

Transaction	Fee amount
Application fee Class 1 commercial fishing licence	\$609
Renewal fee Class 1 commercial fishing licence	\$304
Transfer of Restricted Fishery Endorsement	\$304
Transfer of Inland Restricted Fishery Endorsement	\$304
Transfer of Abalone quota	\$228
Transfer of Lobster quota	\$228
Transfer of Sea Urchin quota	\$228
Fishing boat licence – application fee (<3m)	\$213
Fishing boat licence – application fee (>3m)	\$213 +\$32/m
Fishing boat licence – renewal fee (<3m)	\$60
Fishing boat licence – renewal fee (>3m)	\$60+\$32/m
Transfer of fishing boat licence	\$381

South Australia

Transaction	Fee amount
Application fees for a permit in respect of the Miscellaneous Broodstock and Seedstock Fishery	\$374.00
Application fees for a permit in respect of the Miscellaneous Developmental Fishery	\$4 622.00
Application fees for a permit in respect of the Miscellaneous Research Fishery	\$374.00
Annual fees for a permit in respect of the Miscellaneous Developmental Fishery	\$2139.00
Application for registration of a boat under a licence in respect of the Charter Boat	\$667.25 to \$2669.00
Application to vary the registration of a boat used under a fishery licence	\$114.00
Application to vary the registration of a master	\$114.00
Application to vary a quota entitlement under a fishery licence	\$142.00
Application to vary a rock lobster pot entitlement under a licence in respect of the Northern Zone Rock Lobster Fishery or Southern Zone Rock Lobster Fishery	\$142.00

Queensland

Transaction	Fee amount
Carrier boat licence	\$305.85
Charter fishing licence	\$305.85
Commercial fisher licence	\$305.85
Commercial fishing boat licence	\$305.85
Commercial harvest fishing licence	\$305.85
General fisheries permit application	\$305.85
Developmental fishing permit application	\$5749.55
Request to amend a licence if the request is to replace a boat identified in the licence	\$152.95