

**DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES**

**FISHERIES COST RECOVERY STANDING COMMITTEE**

Meeting #35 – Draft Minutes

**Meeting details:** Date: Tuesday 30 September 2014  
 From: 09:00am to 4:00pm  
**Location:** Department of Environment & Primary Industries, Room 6.1, 8 Nicholson Street, Melbourne, VIC.

**Members attending:** Ian Cartwright (Ind. Chair)      Geoff Ellis (Industry)      Gary Leonard (Industry)  
 Harry Peeters (Industry)      Markus Nolle (Industry)      Johnathon Davey (SIV)  
 Mark Edwards (DEPI)      Terry Truscott (DEPI)

**Executive Support:** Dr Terry Truscott

**Advisors/Presenters:** Ross McGowan, (Executive Director Fisheries Victoria)[beginning only]      Ross Tsokas (DEPI)  
 Luke Cromie, A/Director, Fisheries Management

◆ Paper provided		□ Paper to be Tabled at Meeting	▲ Verbal Report		
			TIME	WHO	ACTION
		<b>FCRSC</b>			
1	▲	Welcome & items for discussion	09:00am	Ian Cartwright	Noting
2	▲	Apologies & guests	09:10am	Ian Cartwright	Noting
3	◆	Conflict of Interest	09:15am	Ian Cartwright	Noting
4	◆	Previous Minutes & correspondence	09:20am	Ian Cartwright	Decision
5	▲	Progress on Action Items from previous meeting/s	09:30am	Mark Edwards	Noting
		<b>ITEMS FOR DISCUSSION/NOTING</b>	Indicative		
6	◆	(a) FCRSC Terms of Reference	10:00am	Mark Edwards	
	◆	(b) Operational Guidelines of the prospective cost recovery system Sept 2014		Mark Edwards	
	◆	(c) Statewide cost recovery forum actions		Mark Edwards/Ross Tsokas	
	◆	(d) Service and levy adjustments and offsets for 2015/16			
		<i>[break / lunch]</i>	12:00pm		
		(e) Third party contracts and principles	12:30pm	Mark Edwards	
		(f) Quarterly report		Luke Cromie	
		(g) Annual review			
6	▲	Other Business	3:00pm	All	
7	▲	Next Meeting – TBC	3:50pm	Ian Cartwright	Decision
8	▲	Wrap Up & Close	4:15pm	Ian Cartwright	

## FISHERIES COST RECOVERY STANDING COMMITTEE

### Draft Minutes

#### Meeting #35 – 30 September 2014

##### 1) Welcome and Items for Discussion

Chair advised that Minister had approved appointment of Harry Peeters and Johnathon Davey (as Executive Director SIV) to FCRSC subject to them meeting probity requirements.

**Confirmation of Agenda:** The agenda was accepted without change.

**Action:** 1. The Chair requested that a standing item 'Approval of agenda' be included on the next and subsequent FCRSC agendas.

##### Correspondence:

- i. **Letter to Minister:** Chair advised that the letter to Minister proposed at the last meeting had been sent and thanked the Committee for their input. No response had been received to date.  
**Action:** 2. The Chair agreed to write to the Minister following the meeting noting the tight timelines for decisions about the matters of inspection definition and postponing the further 30% phasing in for 2015 in the above mentioned letter.
- ii. **Letter from W Allen:** Chair advised that he had received a letter from Mr Bill Allen (tabled) expressing concern about services provided to the eel industry by DEPI; only a small number of Mr Allen's comments related directly to cost recovery, and could be considered by FCRSC.  
**Actions:**
  3. The Chair asked that the letter be appended to the minutes of the meeting. He advised that he would respond as FCRSC Chair to the cost recovery-related issues and direct the other matters to DEPI for consideration.
  4. The FCRSC requested that a rolling agenda item covering incoming and outgoing FCRSC correspondence be included on all future agenda's for the Committee, and that all correspondence is to be included within the meeting papers for consideration by the FCRSC under this agenda item..

##### 2) Apologies and Guests:

Edward Meggitt (Industry) was an apology.

Ross Tsokas (DEPI) was invited in order to present spreadsheet information.

##### 3) Conflict of Interest

**BACKGROUND:** At meeting #34 FCRSC it was agreed to update a Register of Interests template at the commencement of each meeting as a standing item.

The template was circulated to members and responses (where provided) were included in the template.

**OUTCOME:** All FCRSC members will include potential interests on the template and revise those disclosed prior to the meeting.

##### **ACTION:**

1. DEPI to amend the Register of Interests form to reference the relevant words from section 9 *Conflicts of Interest* in the FCRSC Terms of Reference.
2. FCRSC members to update register to be tabled at meeting #36 and at future meetings with additional interests or possible conflicts in particular agenda items clearly noted.

#### 4) Confirmation of previous Minutes

**BACKGROUND:** Draft Minutes of FCRSC meeting #34 of 22 August 2014 were circulated to members on 29 August 2014 for comment by 5 September 2014. Comments were received from the Chair, Mr Nolle, Mr Davey and DEPI. Following minor adjustments, the Chair authorised DEPI to publish the Draft Minutes of FCRSC meeting #34 of 22 August 2014 on the DEPI website. The Draft Minutes for meeting #34 were published on the DEPI website on 19 September 2014 following confirmation from the Chair.

**OUTCOME:** FCRSC accepted the minutes for meeting #34 as presented without change.

**ACTION:** DEPI to publish Approved minutes from FCRSC #34 on the DEPI website.

#### 5) Progress on Action Items from meeting #34

**BACKGROUND:** At Meeting #34, it was proposed that action items from the previous meeting would be dealt with as an agenda item paper. A summary table of actions from meeting #34 was presented. Items that were completed out of session were advised (with means and date). Where items required further discussion or agreement, they are listed at relevant agenda items in this meeting #35.

**OUTCOME:** FCRSC noted progress on actions previously requested, including matters addressed in relevant agenda item for Meeting #35.

**ACTION:** FCRSC Secretariat to designate action items as *Complete*, *Agenda Item* or *Pending* in future correspondence.

#### 6) Items for discussion/noting

##### 6(a) FCRSC Terms of Reference

**BACKGROUND:** The Terms of Reference (ToR) of the FCRSC were last updated in September 2010. Following the introduction of the new prospective cost recovery system on 1 April 2014, the FCRSC agreed there was a need to update the FCRSC's ToR. At meeting #34 DEPI provided the FCRSC with a draft amended ToRs. FCRSC discussed further alterations required to the document.

**OUTCOME:** FCRSC reviewed the documented proposed changes in the ToR and sought some further adjustments, the major one of which required some re-drafting of Section 9 *Conflict of Interest*.

Any further proposed adjustments to ToRs to be documented (and as appropriate seek the Minister's approval).

NOTE: FCRSC requested that in future, amendments to documents for consideration be presented in track changes to facilitate easier navigation through the documents, and for a version control mechanism to be in place.

**ACTIONS:**

1. DEPI to include proposed further adjustments to the Terms of Reference in the document (in "track changes") for approval by Chair, and then seek Ministerial endorsement at the next appropriate opportunity.
2. DEPI to draft a communication strategy (as required in 7.8 *Communication of ToRs*) for FCRSC consideration.

##### 6(b) Operational Guidelines of the prospective cost recovery system

**BACKGROUND:** The Operational Guidelines of the prospective cost recovery system provide a narrative of the basis on which the prospective cost recovery system operates.

At meeting #34 FCRSC agreed to finalise the document for referral to the Minister, noting that the guidelines will be subject to refinement as the implementation of the prospective cost recovery system proceeds. FCRSC agreed that future changes could be made by way of Appendices once the guidelines had been endorsed by the Minister. At regular intervals, the guidelines would be updated using the appendices and a new set of guidelines issued.

At meeting #34, FCRSC provided further comments on the guidelines and agreed to finalise the document at meeting #35. Out of session, Mr Nolle suggested the document required organising to better reflect its operational nature over its historical development. The document has been re-structured accordingly.

**OUTCOME:** FCRSC reviewed previously requested changes and identified a number of further adjustments to the document before it is finalised after making the amendments identified at meeting #35. Any further amendments will be included as appendices until such time that a new set of guidelines is published.

It was agreed that the section on “Alternative service providers” should be adjusted in line with the outcome of the Committee’s consideration of Agenda Item 6(e) *Third party contracts and principles*.

It was agreed that the sections on time recording, information ownership and alternative service providers will be adjusted in accordance with discussion at the meeting.

In discussing “Recreational vs. Commercial take” (p. 22), Mr Ellis requested that it be minuted that “The industry members of the FCRSC considered the percentage of recreational and commercial take numbers documented in the guidelines are ‘guesstimates’ rather than estimates.”

It was agreed that the guidelines are a work in progress, and are principally used to inform the Committee and DEPI. Thus, it was agreed that the guidelines **do not** need to be endorsed by the Minister.

It was agreed that, when the amendments are endorsed by the Chair, the Operational Guidelines of the prospective cost recovery system should be placed on the web.

Further adjustments identified at future FCRSC meetings will be appended to the version finalised at FCRSC #35. The Appendices will be incorporated into a revised version of the guidelines following endorsement from FCRSC.

**ACTIONS:**

1. DEPI to make the further adjustments (initially in track changes mode) identified at meeting #35 for endorsement by the Chair.
2. The Chair to endorse the final version of the Operational Guidelines of the Prospective Cost Recovery System following incorporation of the adjustments.
3. DEPI to publish the Operational Guidelines on the Prospective Cost Recovery System on the DEPI website pending endorsement by the Chair.
4. Any subsequent adjustment to the guidelines shall occur by way of Appendices to the existing document.

**6(c) Statewide cost recovery forums**

**BACKGROUND:** DEPI completed 7 fishery specific regional forums during July, August and September 2014 to discuss the new cost recovery system with industry. The forums have raised a large number of issues, some of which are generic and some fishery or individual specific. The forum summaries were reviewed with SIV ED (who attended all), and circulated to those who attended the meetings. The summaries have been published on the DEPI website.

Some of the issues will need to be considered by FCRSC for decision and some will require subsequent steps by DEPI. Some issues, however, will require considerable work and may result in amendments to the Regulations in forthcoming years. Priority issues for FCRSC to consider have been highlighted in the consolidated summary of issues paper. It was also noted that there were a number of Fisheries Management matters. Some of these matters relate to adjustments to the management framework which DEPI can discuss with SIV. Others will be addressed by the relevant fishery manager (eg revisions to the research approach for Bass Strait scallops).

**OUTCOME:** FCRSC considered the key issues identified by DEPI arising out of the 7 fishery-specific forums.

It was agreed that no action is required for issues with white background, blue background to be considered by DEPI and pink background to be considered by FCRSC. The issues requiring action were marked as:

- 1 – needing immediate attention, or
- 2 – addressed by the next meeting of FCRSC (Friday 28 November 2014), or
- 3 – address at some time a time after the next meeting of FCRSC (with review of progress at each future meeting of FCRSC)

When action is completed, it should be removed from the list once the outcome has been considered by FCRSC at its next meeting.

In considering the issues raised at forums, FCRSC discussed the matter of inactive licences and the levies that should be applied to them. FCRSC did not reach a resolution on this matter so it will be carried over to a future meeting.

**ACTIONS:**

1. DEPI to keep a Master List of forum issues as a record for all issues identified at fishery-specific forums and actions taken in relation to each issue.
2. DEPI to provide an update on forum issues to be considered by FCRSC as a standing item from FCRSC meeting #36 onwards.

**6(d) Service and levy adjustments and offsets for 2015/16**

**BACKGROUND:** The difference between 2014/15 levies with and without the research and compliance revisions were calculated to provide an offset against 2015/16 levies (adjusted for the updated FTE cost base and licence numbers) to establish the final levy value for 2015/16 (separate spreadsheet analysis). Catch and effort costs for abalone (all zones) will be adjusted (because abalone data collection occurs through FILS) with those costs being redistributed across the remaining fisheries. These values, translated into fee units, will be incorporated into the regulations through a regulatory amendment prior to beginning of March 2015, subject to confirmation by the Minister.

**OUTCOME:** The method of calculation of off-sets for revised estimation of services and costs, and its application, was demonstrated to the Committee. The Committee accepted the proposed approach to calculating revisions to levies and off-sets.

A claim that the 30 per cent increase across all fisheries in the 2013-14 licensing year led to over-recovery in some fisheries (eg Rock Lobster Western Zone) for which an off-set was now sought was noted by FCRSC. It was also suggested that application of the principle that DEPI used to justify a 50:50 split of costs between licences and quota to current cost recovery data results in a 30:70 split. DEPI was asked to investigate these matters.

The committee accepted the currently proposed off-sets and acknowledged that further off-sets could be available after considering issues raised by industry about over-estimations.

FCRSC noted that such further considerations of issues raised would need to occur prior to 14 October 2014 for them to be included in the amendments to levy values for the 2015/16 licensing year and their promulgation through renewal notices in early March 2015.

FCRSC requested that DEPI consider issues affecting levy values for next year as soon as possible in line with the priority scores established in Agenda Item 6(c).

FCRSC noted that the Minister had not as yet confirmed that off-sets would be provided.

**ACTIONS:**

1. DEPI to consider and progress issues affecting levy values for next year as soon as possible in line with the priority scores established in Agenda Item 6(c) and in recognition of the mid-October cut-off to begin drafting of regulatory amendments.
2. DEPI to investigate a claim of over-charging in some fisheries due to the 30% increase in cost recovery levies in the 2013-14 licensing year, and to consider the application of an off-set. It was accepted that a decision of this matter would not be practical prior to the caretaker period.
3. DEPI to re-consider the split of cost recovery between licences and quota for rock lobster using the proposed recoverable costs for 2015-16 licensing year.

**6(e) Third party contracts and principles**

**BACKGROUND:** DEPI is supportive, in principle, of alternative service providers delivering cost recoverable services to industry at a lower cost than DEPI, noting that some types of services could not be delivered outside of Government.

DEPI agreed that more detailed standards and specifications would need to be developed to support consideration of contestability. Contracting arrangements, their monitoring and auditing may also be needed. It would simply be too time consuming to create a service specification for every cost recoverable service within each of the 42 fisheries.

There are approximately 250 services provided to industry by DEPI in the schedules, noting that some services could be grouped to deliver by contract. At Meeting #34, FCRSC agreed to further consider research services for rock lobster and abalone as initial services that could be provided under contract with third parties. FCRSC agreed to establish a set of principles to guide any future tendering process, in conjunction with DEPI procurement requirements. A paper has been provided by DEPI that includes the principles FCRSC agreed at meeting #34 and outlines DEPI procurement process for tendering of contracts. DEPI requirements must be used if DEPI will be entering into contract with a third party.

**OUTCOME:** Industry members considered the paper prepared by DEPI and suggested amendments to be more sympathetic of industry involvement in letting of government contracts for services. They acknowledged that for industry to be involved in the procurement process; there would need to be careful management of conflicts of interest and confidentiality of information provided by service providers.

FCRSC also considered that the Request for Quotation (RFQ) should set expectations in terms of how the contract would be managed, including performance measures and payment linked to reporting milestones.

**ACTIONS:**

1. DEPI to adjust the paper taking into consideration the Committee's comments.
2. DEPI to incorporate the amended material into the section of the Operational Guidelines of the Prospective Cost Recovery System that covers Third Party Contracts and Principles.

**6(f) Quarterly Report**

**BACKGROUND:** The first quarter report (1 April – 30 June) for 2014 has been revised following comments received during FCRSC #34, and following the meeting. Further improvements to the reporting process and content will be made in the second quarter of reporting and it is anticipated it may require 12 months of reporting before all reporting issues are resolved.

**RECOMMENDATION:** That FCRSC consider the adjustments made since last meeting and suggest any further amendments as required. FCRSC to confirm lodgement of the report on the DEPI website.

**OUTCOME:** The Committee considered DEPI's responses to the Quarter 1 Report following FCRSC's comments at Meeting #34. FCRSC endorsed the Report, subject to adjustment to progress reported against research services for Western Zone abalone.

For abalone research, the Committee asked DEPI to use a more descriptive name to replace "Abase" as it is meaning is obscure to many stakeholders.

Industry signalled that they still require more detailed information into the schedules, in particular under the Management functions, to provide a quantifiable, measurable output. DEPI agreed to look into a correspondence register to measure dates, titles, fishery type and responses to incoming correspondence. DEPI indicated that email correspondence would not be tracked in this manner.

**ACTIONS:**

1. DEPI to reconsider the Abalone Western Zone research service description
2. DEPI to replace the reference to "Abase" with a term(s) more meaningful to stakeholders before putting the Quarter 1 Report on the DEPI website.
3. DEPI to re-instate costings into Service Schedules from Quarter 2 onwards.
4. DEPI to consider Fisheries Management deliverables for Quarter 2 onwards with regards to:
  - the number of meetings of Fisheries Management with stakeholders
  - the number of material (substantial) pieces of correspondence dealt with by Fisheries Management ie letters.
  - providing meaningful statistics in quarterly reports about the above deliverables.

5. DEPI to look into creating a correspondence register to inform the current reporting requirements under Fisheries Management.

**6(g) Annual review**

**BACKGROUND:** At meeting #34, FCRSC agreed that an annual review was part of the Terms of Reference. FCRSC requested that DEPI provide a template from which FCRSC could undertake the review on annual basis, prior to the commencement of the following licensing year.

**OUTCOME:** FCRSC considered the review template provided by DEPI and asked that DEPI redraft the approach to one that is more open-ended and based on a set questions i.e turn the template into a questionnaire for FCRSC members. Each question could be ranked e.g. strongly agree, agree, neither agree nor disagree, disagree or strongly disagree and a provision for a written comment to be provided. DEPI was also asked to further consider the questions that might be posed. The Chair indicated that he would provide DEPI with examples of questionnaire approaches that he has used in conjunction with other committees.

**ACTIONS:**

1. Chair to provide examples of open ended review questionnaires to DEPI.
2. DEPI to develop an open-ended, questionnaire approach for consideration by FCRSC at meeting #36.

7) **Other Business** – No other business was raised.

**8) Next meeting:**

FCRSC #36 to be held on Friday 28 November, 2014. This was later changed to Monday 10 November. 2014. The meeting closed at 4.15pm.

**ACTIONS SUMMARY:**

ITEM	ACTION	RESPONSIBILITY	DUE DATE
35-1	<b>Welcome and items for discussion</b>		
	1. DEPI to add standing item on acceptance of agenda be included from FCRSC meeting #36 onwards.	DEPI	3 November 2014
	2. The Chair to write to the Minister with update from meeting #36 and a reminder of the tight timelines for decisions about the matters raised his previous letter.	Chair	21 October 2014
	3. DEPI to append the Chair's letter to the Minister in minutes of meeting #35.	DEPI	21 October 2014
35-3	4. DEPI to add a standing agenda item for incoming and outgoing FCRSC correspondence from meeting #36 onwards.	DEPI	3 November 2014
	<b>Conflict of Interest</b>		
	1. DEPI to amend the Register of Interests form to reference the relevant words from section 9 Conflicts of Interest in the FCRSC Terms of Reference update template with additions from meeting #35.	DEPI	3 November 2014
	2. FCRSC members to update register to be tabled at meeting #36 and at future meetings with additional interests or possible conflicts in particular agenda items clearly noted.	DEPI	3 November 2014
35-4	3. DEPI to amend the Conflict of Interest form to reference the relevant words from section 9 Conflict of Interests in the redrafted Terms of Reference.		
	<b>Confirmation of previous minutes</b>		
	1. DEPI to publish Approved minutes from FCRSC #34 on the DEPI website.	DEPI	10 October 2014
35-5	<b>Progress on Actions Items from meeting #34</b>		
	1. FCRSC Secretariat to designate action items as Complete,		

	Agenda Item or Pending in future correspondence.	DEPI	3 November 2014
<b>35-6(a)</b>	<b>FCRSC Terms of Reference</b>		
	1. DEPI to include proposed further adjustments to the Terms of Reference in the document (“track changes”)	DEPI	13 October 2014
	2. The Chair to approve changes and seek Ministerial endorsement at the next appropriate opportunity.	Chair	16 October 2014
	3. DEPI to draft a communication strategy (as required in 7.8 Communication of ToRs) for FCRSC consideration.	DEPI	3 November 2014

<b>35-6(b)</b>	<b>Operational Guidelines of the prospective cost recovery system</b>		
	1. DEPI to make the further adjustments (initially in track changes mode) identified at meeting #35 for endorsement by the Chair.	DEPI	13 October 2014
	2. The Chair to endorse the final version of the Operational Guidelines of the Prospective Cost Recovery System after adjustments made.	Chair	16 October 2014
	3. DEPI to publish the Operational Guidelines on the Prospective Cost Recovery System on the DEPI website pending endorsement by the Chair.	DEPI	17 October 2014
<b>35-6(c)</b>	<b>Statewide cost recovery forums</b>		
	1. DEPI to keep a Master List of forum issues as a record for all issues identified at fishery-specific forums and actions taken in relation to each issue.	DEPI	31 October 2014
<b>35-6(d)</b>	<b>Service and levy adjustments and offsets for 2015/16</b>		
	1. DEPI to consider and progress issues affecting levy values for next year as soon as possible in line with the priority scores established in Agenda Item 6(c) and in recognition of the mid-October cut-off to begin drafting of regulatory amendments.	DEPI	14 October 2014
	2. DEPI to investigate a claim of over-charging in some fisheries due to the 30% increase in cost recovery levies in the 2013-14 licensing year, and to consider the application of an off-set. It was accepted that a decision of this matter would not be practical prior to the caretaker period.	DEPI	3 November 2014
<b>35-6(e)</b>	<b>Third party contracts and principles</b>		
	1. DEPI to adjust the paper taking into consideration the Committee’s comments.	DEPI	34 November 2014
<b>35-6(f)</b>	<b>Quarterly Report</b>		
	1. DEPI to reconsider the Abalone Western Zone research service description	DEPI	31 October 2014
	2. DEPI to replace the reference to “Abase” with a term(s) more meaningful to stakeholders before putting the Quarter 1 Report on the DEPI website.	DEPI	31 October 2014
	3. DEPI to re-instate costings into Service Schedules from	DEPI	31 October 2014



	<p>Quarter 2 onwards.</p> <p>4. DEPI to consider Fisheries Management deliverables for Quarter 2 onwards with regards to:</p> <ul style="list-style-type: none"> <li>• the number of meetings of FMS with stakeholders</li> <li>• the number of material (substantial) pieces of correspondence dealt with by Fisheries Management</li> <li>• providing meaningful statistics in quarterly reports about the above deliverables.</li> </ul>	DEPI	31 October 2014
<b>35-6(g)</b>	<p><b>Annual review</b></p> <p>1. Chair to provide examples of open ended review questionnaires.</p> <p>2. DEPI to develop an open-ended, questionnaire approach for consideration by FCRSC at meeting #36.</p>	<p>Chair</p> <p>DEPI</p>	<p>14 October 2014</p> <p>3 November 2014</p>
<b>35-8</b>	<p><b>Next Meeting</b></p> <p>FCRSC #36 to be held on 28 November 2014 with papers to be circulated by 14 November 2014.</p>	DEPI	3 November 2014