**DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES**

# FISHERIES COST RECOVERY STANDING COMMITTEE

Meeting #42 – Draft Minutes

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| Meeting details: | Date: Wednesday 4 May 2016From: 10:00am to 3:00pm **Location: Department of Economic Development, Room 15.2, 1 Spring Street, Melbourne, VIC.** |
| Members attending: | Ian Cartwright (Ind. Chair) | Ed Meggitt (Industry) | Mark Edwards (DEDJTR) |
|  | Markus Nolle (Industry) |  |  |
|  |  | Gary Leonard (industry) | Johnathon Davey (SIV) |
| Apologies: | Geoff Ellis (Industry)Terry Truscott (DEDJTR)Ian Parks (DEDJTR) |  |  |
| Executive Support: | Megan Njoroge (DEDJTR) |  |  |
|  |  |  |  |
| Advisors/observers: | Harry Peeters, Chair, SIV BoardAllison Webb, Director, Fisheries Management & Science  |
| **◆ Paper provided 🞎 Paper to be Tabled at Meeting ▲Verbal Report** |
|  |  |  | TIME | WHO | ACTION |
|  |  | **FCRSC** |  |  |  |
| 1 | ▲ | Welcome  | 10:00am | Ian Cartwright | Noting |
| 2 | ▲ | Apologies and guests | 10:05am | Ian Cartwright | Noting |
| 3 | ▲ | Acceptance of agenda | 10:10am | Ian Cartwright | Decision |
| 4 | ◆ | Register of Interest | 10:15am | Ian Cartwright | Decision |
| 5 | ◆ | Previous Minutes  | 10:20am | Ian Cartwright | Decision |
| 6 | ◆ | In-coming/out-going correspondence* Letter to Minister and response
* Response to SIV re eels
* FRDC Levy
* Small operator concession
 | 10:25am | Ian Cartwright | Noting |
| 7 | ◆ | Progress on Action Items from previous meeting/s | 10:30am | Megan Njoroge | Noting |
|  |  | **ITEMS FOR DISCUSSION/NOTING** | Indicative |  |  |
| 8 | ◆ ▲◆◆◆◆▲ | 1. 2016/17 Service schedules
2. Cost recovery final report

*[break / lunch]*1. Update of Cost Recovery Guidelines
2. Small operator concession
3. FCRSC Review
4. FCRSC appointments 2016
 | 11:00am*12:30pm*1:00pm |  | DecisionDecisionDecisionDiscussionNotingNoting |
| 9 | ▲ | Other Business* WPPPB
 | 2:15pm |  | Discussion |
| 12 | ▲ | Wrap Up & Close | 3:00pm | Ian Cartwright |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #42 – 4 May 2016

**1) Welcome**

The meeting commenced at 10.05am. The Chair welcomed committee members and briefly noted the agenda items for the meeting. The Chair noted this was the final meeting for the current Committee and asked members to contribute through the meeting on any matters that may assist the incoming Committee. The Chair emphasised the importance of getting the service schedules finalised and working towards having them available before levies are set. He again reminded the committee of their strategic advisory role.

**2) Apologies and Guests:**

Mr Ellis, Dr Truscott and Mr Parks were apologies for the meeting.

There were no guests.

Mr Edwards noted that the EDFV was in Snobs Creek and would not attend the meeting.

**3) Acceptance of Agenda**

The Chair asked for any additions to the agenda. Mr Davey requested that apportionment of costs to remaining WP/PPB licences be added under Other Business.

The Committee noted Mr Davey’s request to discuss the first half-year report for 2015/16 would occur under Item 8b.

Mr Peeters raised concern that under delivery from previous years had not been fully addressed. DEDJTR noted that services identified as under-delivered, or partially delivered, in the previous licensing year would be recognised through an offset. In the circumstance where there is some fault or issue with a service that may also have applied in the years prior, there is no intention of applying offsets and the Regulations do not allow for this. The Chair proposed that the matter be recorded as a principle that when a service is found to be not fit for purpose an offset will apply. The issue is for what period would an offset/refund apply ie would there be retrospective adjustment? DEDJTR noted that the Minister had delegated the responsibility of determining whether a service had not been delivered, or partially delivered, to the EDFV. Industry noted their expectation would be to include commentary by the FCRSC for EDFV consideration when making a determination.

**OUTCOME:**

FCRSC noted the additional item and accepted the agenda.

FCRSC noted that the final decision on determination of under delivery belongs with the EDFV.

**4) Register of Interest**

**BACKGROUND**: At meeting #34 FCRSC agreed to circulate a Register of Interest template at the commencement of each meeting. The Secretariat circulated the register at meeting #42 and no further interests were identified.

**OUTCOME:** Members present signed the Register.

**5) Previous Minutes**

**BACKGROUND**: The draft Minutes of FCRSC #41 were circulated to members on 18 February 2016 for comment by 3 March 2016. Comment was received from Mr Nolle and Mr Edwards.

**OUTCOME:**

Mr Nolle explained that his comments were provided to ensure the issue of accountability and the commitment from DEDJTR to preparing an annual workplan for rock lobster and abalone were recorded. Mr Nolle noted that there was no evidence to support the effort allocated to cost recoverable services and this is particularly important where resources are diverted elsewhere. DEDJTR noted that Fisheries Management and Science Services are not fully cost recovered and reporting is not provided in respect of non-recovered services.It was also noted that time recording had been considered previously by FCRSC. Accountability is to be provided at the level of outputs and outcomes delivered. *Further discussion on the issue occurred at Item 8(a).*

Mr Davey requested Item 6 be amended to record the industry view on inspection definition, and additions at Item 8a regarding provision of information on offsets (withdrawn), small operator concession and to make point 11 an Action.

Mr Leonard noted his request to provide receipts for licence fees and levies had been missed.

As a key point of contact for industry, Mr Davey requested he be issued with licence renewal information for each licence class at the time licence renewal letters are posted.

Mr Peeters requested that correspondence from DEDJTR to industry be sent priority mail to avoid delays in receiving mailed documents; it commonly takes 10 days to receive.

FCRSC noted the sign off process used for previous meetings had worked well and would resume for FCRSC#42 onwards. The Secretariat is to provide minutes to the Chair for circulation within 5 working days and for comments from FCRSC to be directed through the ED SIV and received within 5 working days. The timeliness for receiving minutes and the necessity to finalise Minutes was re-iterated.

**ACTIONS**:

1. Secretariat to revise item 8(a) to reflect Mr Nolle’s comments from meeting #41.
2. Secretariat to revise Item 8(a) to more accurately reflect industry viewpoint and include point 11 under Actions.
3. Secretariat to include industry position under 6 (dot point 4) to ensure an accurate record of the meeting.
4. DEDJTR to consider the provision of tax receipts for payment of licence fees and levies.
5. DEDJTR to email ED SIV a copy of licence renewal invoices for each licence class (without individual’s details) and a copy of the written correspondence accompanying the licence renewal letter.

**6) In-coming/out-going correspondence**

**BACKGROUND:** The Chair wrote to the Minister on February 2016 raising matters of offsets for the 2016/17 licensing year, meeting with eel fishery representatives, and nomination of female representatives to FCRSC post 29 June 2016.

The Chair received a reply from the Minister on March 2016 thanking FCRSC for their work and providing advice on each of the matters raised by the Chair.

The detailed response to Mr Bill Allan and Mr Trevor Allan following their attendance at FCRSC #41 was provided, along with the question on notice regarding compliance identified at the meeting.

Each year at licence renewal time, enquires are received by the Department regarding cost recovery. The Secretariat provided a summary of enquires received for 2016/17 licences.

**OUTCOME**:

1. The Committee noted the Minister’s reply to the Chair and the Chair commented on the fast turnaround of her reply.

2. The Committee noted the Minister’s endorsement of the proposed offsets for 2016/17.

3. The Committee noted the Minister’s re-iteration of government policy on the inclusion of at least 50% women on the Committee under future appointments.

**ACTIONS:**

1. The Secretariat to provide a summary of industry enquiries received at the time of licence renewal annually.

**7) Progress on Action Items from Meeting #39**

**BACKGROUND:**  Action items from FCRSC #41 were identified as “Complete” or “Agenda Item”. Items were identified as pending and discussed at the meeting.

**OUTCOME:**

1. FCRSC noted the progress on actions from FCRSC #41.

FCRSC noted that the item on the matter of discrepancy in levies between Gippsland Lakes and Corner Inlet was still in progress.

Mr Davey raised concerns regarding Action Items being listed for discussion on the Agenda for the meeting, but no papers being circulated for consideration prior to the meeting. For Action Item 41-5 (3) a paper was due to be handed out at the meeting, but was not discussed. Item 41-8a (2) no table was provided at FCRSC #42, but ongoing discussions with industry and FV will develop this table in the coming weeks, for presentation at FCRSC #43.

**ACTIONS:**

1. Levies for Gippsland Lakes and Corner Inlet to be further assessed following a meeting with commercial and recreational sectors.

2. DEDJTR to provide SIV with the table of inspection costings following the decision to reduce to pre and post inspection allocation to 5% to the commercial sector.

**8) Items for discussion/noting**

**8(a) 2016/17 Service Schedules**

**BACKGROUND:**  At FCRSC #41, FCRSC agreed steps to finalise service schedules for 2016/17. In March, DEDJTR provided the Committee with templates for quota and non-quota based wildcatch fisheries and aquaculture. Discussions took place with representatives from SIV, the abalone and rock lobster sectors to endorse the proposed template.

Example of populated templates were provided to the Committee for discussion at FCRSC #42.

**OUTCOME:**

1. FCRSC noted the proposed templates and discussed the timeframe for finalising the documents for 2016/17. The Committee noted that some activities would be annual and others would be delivered over a four-year timeframe.

2. FCRSC discussed how further detail than in the schedules could be provided and agreed that for the larger fisheries of abalone and rock lobster this would occur through an annual workplan than identified specific activities for the year that would show how DEDJTR would meet the objectives and deliverables set out in the schedules. Reporting would be against the schedules, not the workplan.

3. Smaller fisheries would prefer something that allows them to get on and fish but gives confidence that necessary work is undertaken. FCRSC agreed that SIV, Mr Leonard and DEDJTR would work together to populate the remaining schedules by the middle of May.

4. Mr Davey noted that while the simplified approach to developing new schedules is positive, there remains concern about simplifying these too much and removing measures to which industry can understand what they are actually paying for.

4. The Chair noted that the service schedules were ultimately determined by the department, with FCRSC consideration.

**ACTIONS:**

1. DEDJTR to develop an annual workplan for rock lobster and abalone that outlines the activities that will meet the deliverables described in the service schedules for 2016/17 and non-cost recoverable activities.

2. DEDJTR to work with SIV and industry to finalise the service schedules for smaller fisheries.

3. The Secretariat to circulate the full set of populated schedules following these meetings

4. DEDJTR to publish final 2016/17 service schedules on the FV website by early June.

**8(b) Cost recovery reporting and indicators**

**BACKGROUND:**  At Meeting #41, FCRSC agreed that the midyear cost recovery report for 2015/16 would be released by 1 March 2016 and the end of year report would be released by 1 May 2016. The mid-year report was published on the FV website on 4 March 2016. The end of year report was provided to FCRSC in advance of meeting #42.

**OUTCOMES:**

1. FCRSC recommended that under traffic lights, red should indicate non-delivery and orange should indicate ‘at risk’. Mr Davey requested the report be structured the same as the schedules for 2015/16. The mid-year report was circulated on 29/2/16. The final year report was circulated in the week preceding FCRSC#42 on 4/5/16.

2. FCRSC noted that a ‘by exception’ approach was the most effective way to identify and address material under delivery of services ie those services that had been marked orange or red in cost recovery reports for the year. They requested that a summary of ‘at risk’ services be provided with the report.

Mr Davey noted that ‘not delivered’ was not included in the mid-year report, which is a flawed approach given there are elements noted as ‘at risk’ which were ‘not delivered’. *Sec Note: Delivery is determined at the end of the year as a general rule. Where ‘non-delivery’ is identified early within a year, it is addressed through other means eg refund or exemption*.

3. FCRSC noted that concerns regarding non-delivery of services were predominantly with research but noted final reporting on compliance services was not yet available. DEDJTR indicated that work was being undertaken to address research concerns.

FCRSC noted that the reporting on compliance activity would remain out of sync with cost recovery reporting, however the timeframe and guidelines for reporting may be re-considered by the new committee.

2. The Committee noted that compliance reporting would be available from early July each year and would be combined with the mid-year and end of year reports as a Final Cost Recovery Report for the preceding year.

3. FCRSC noted the final report would be assessed for services not materially delivered, with results being circulated to FCRSC prior to the meeting of Sept/Oct for consideration and endorsement of offsets to be applied for the following licensing year.

**ACTIONS:**

1. FCRSC to provide any further comments on the end of year report by 18 May 2016.

2. DEDJTR to amend the report structure and traffic lights as discussed at the meeting, and expanded where there is an issue identified by industry.

3. DEDJTR to publish the 2015/16 end of year report on the Fisheries website by 1 June 2016, with the exception of compliance services.

4. DEDJTR to provide summary of ‘non-delivered’ services along with the report.

5. DEDJTR to publish the Final Report by 30 July 2016.

6. DEDJTR to provide an assessment of services not delivered in 2015/16 for FCRSC #43.

**8(c) Update of Cost Recovery Guidelines**

**BACKGROUND:** At Meeting #36, FCRSC endorsed the Guidelines for the operation of the prospective cost recovery system and agreed additional matters and decisions would be included as attachments.

Additional items were identified at FCRSC#41 and the Committee requested that any further items identified for FCRSC to endorse at meeting #42.

**OUTCOMES:**

1. FCRSC noted that the items identified at meeting #41 had been included in the Guidelines as well as matters identified below:

* Inspection activities and application of 5%
* Procurement categories and approvals
* Minimum time to expect full response from FCRSC (same as DEDJTR)
* Latent licences
* Differential compliance
* Small operator concession
* Principles for industry consultation

2. FCRSC noted that DEDJTR’s procurement procedures had been adjusted since the first draft of the Guidelines based on advice from the Chief Procurement Officer in DEDJTR. FCRSC agreed that the Guidelines would now include the new procurement procedures, including identifying where industry could provide input on the selection criteria for use on RFT/RFQs, and specifications. DEDJTR noted that industry would not be permitted to participate on the evaluation panel. Industry raised concern that the procurement process was at odds with cost recovery principles. The Chair will raise this in his letter to the Minister.

3. Industry asked for more information on the allocation of costs between recreational and commercial fishing for WP/PPB, including an understanding of how reallocation of management, compliance and research costs have been apportioned.

4. FCRSC noted the consultation section was contradictory. Mr Davey and Ms Webb agreed to review this section out of session.

5. FCRSC discussed the misalignment of the licensing year and fiscal year. Some industry members supported change to align both years. DEDJTR noted this could occur through the review of the Regulations which sunset in 2018.

6. FCRSC noted that endorsement of the Guidelines by the Minister would be useful for the incoming Committee.

The Committee recommended the same approach be used to update the Guidelines ie collecting new issues as attachments until such as a review of the whole document is warranted.

**ACTIONS**:

1. DEDJTR to adjust the Guidelines with comments from the meeting and circulate to FCRSC for comment within 2 weeks.

2. DEDJTR to update information on the allocation of costs between recreational and commercial fishing for WP/PPB.

DEDJTR to circulate to the Committee how cost recovery levies for WP/PPB licences were adjusted this year, including percentage of costs shifting as has been applied.

3. The Chair to raise industry’s concern regarding a conflict between the procurement process and cost recovery principles in his letter to the Minister.

4. DEDJTR to put the Guidelines to the Minister for endorsement prior to the commencement of the new committee.

5. DEDJTR to provide the original tender documents for the abalone site surveys to FCRSC.

6. DEDJTR to consider aligning the licensing year and fiscal year in the review of the Fisheries (Fees, Royalties & Levies) Regulations 2008, which sunset in 2018.

**8(d) Small operator concession**

**BACKGROUND:** FCRSC noted at Item 6 that six enquiries following the issuance of licence renewal notices had been received regarding the application of the small operator concession. While DEDJTR informed the Committee that no error in application of the concession had occurred, questions about the justification of the approach remain. DEDJTR proposed options for reviewing the concession and invited FCRSC to discuss the merits of each. The options proposed were:

1. Small operator concession based on GVP rather than catch

2. Separation of licence classes into two tiers

3. Grouping of small licence classes for the purpose of cost recovery

**OUTCOMES:**

FCRSC noted the fiscal basis for basing the concession on GVP and the contradiction it poses to the cost recovery principles of creating efficiency in services delivered as opposed to being production related. FCRSC noted that availability of price data had improved but was still deficient compared to weight. The Committee rejected this option.

FCRSC recalled the problems and administrative burden that separating a licence class had posed when considering other matters, such as compliance history, and rejected this option because the benefit was likely to be outweighed by the cost (financial and effort).

FCRSC noted that grouping small licence classes might smooth the impact of a single high catch operator across a larger number of licences. The Committee recognised that the converse might occur and result in the loss of concession for those currently receiving it. The Committee did note that grouping licence classes for the purposes of cost recovery may create efficiencies that were worthy of future consideration.

FCRSC supported retaining the status quo on the small operator concession.

**ACTIONS:**

1. DEDJTR to prepare a paper for FCRSC #43 looking into the grouping of smaller fisheries for the purposes of setting cost recovery levies in future years.

**8(e) FCRSC Review**

**BACKGROUND:**

At FCRSC #36, the committee agreed to undertake an annual review of its internal operations in order to improve on areas with concerns, and consolidate those functions done well.

In December 2015, a questionnaire was posted to all members and 2 replies were received. The remaining replies were received at meeting #41. Additional data and comments were added to the review.

**OUTCOMES:**

FCRSC noted the review was complete and the results were similar to the previous year.

**ACTIONS:**

1. The Chair to include FCRSC achievements in his letter to the Minister.

**8(f) FCRSC appointments 2016**

**BACKGROUND:**

The Minister for Agriculture appoints FCRSC members for an identified term up to 3 years. Current positions will expire on 29 June 2016.

DEDJTR explained the appointment process.

**OUTCOMES:**

The Committee noted that the Chair position would require Cabinet approval but the remaining positions would be appointed through a Ministerial instrument.

The Chair advised his willingness to continue in the position. DEDJTR noted there was uncertainty in this scenario given the commitment to have at least 50% representation of women on government boards and committees, including the position of Chair. The Committee endorsed the current Chair based on his capabilities as well as his knowledge and experience of fisheries cost recovery.

The Committee noted that SIV were considering their nominations and the urgency of the matter if FCRSC meeting #43 were to take place in late September.

Industry expressed disappointment that the incoming Committee would be appointed based on gender in preference to expertise.

**ACTIONS:**

1. SIV to nominate four nominees based on knowledge and experience in wildcatch fisheries, economics and/or fisheries policy, and 1 nominee representing the aquaculture sector, with consideration having been given to the government’s commitment to having at least 50% female representation in paid positions on boards and committees.

2. DEDJTR to advise of the successful nominations once finalised.

**9) Other Business**

a) ***WP/PPB***

Industry expressed an expectation that commercial fishing activity would decline considerably in WP/PPB in the next month and the need for cost recoverable services would decline accordingly. DEDJTR noted that the cost recovery principles provided for the allocation of costs of services for management and science based on estimated catch of the commercial and recreational sector. As commercial catch declines, their relative share of costs for services will reduce.

**ACTIONS:**

1. DEDJTR to provide the percentage attributions used to calculate cost recovery levies for the WP/PPB fishery in 2016/17, following the indication by licence holders to renew their licences for the 2016/17 following the PPB buyout.

**10) Next meeting**

**OUTCOME:** FCRSC Meeting #43 to be scheduled pending the appointment of the new Committee.

Mr Peeters acknowledged the work of the Chair and thanked him for his patience and guidance through some difficult meetings.

The meeting closed at 3.00pm.

**ACTION ITEMS FROM FCRSC #41**

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **ACTION** | **RESPONSIBILITY** | **DUE DATE** |
| Previous Minutes |
| **41-5** | 1. Secretariat to revise item 8(a) to reflect Mr Nolle’s comments from meeting #41.2. Secretariat to revise Item 8(a) to more accurately reflect industry viewpoint and include point 11 under Actions. 3. DEDJTR to consider the provision of tax receipts for payment of licence fees and levies.4. DEDJTR to email ED SIV a copy of licence renewal invoices for each licence class (without individual’s details) and a copy of the written correspondence accompanying the licence renewal letter.  | SecSecDEDJTRDEDJTR | 18 May 201618 May 2016March 201718 May 2016 |
| Correspondence |
| **41-6** | 1. The Secretariat to provide a summary of industry enquiries received at the time of licence renewal annually. | Sec | FCRSC #44 |
| Progress on Action Items from FCRSC #41 |
| **41-7** | 1. Levies for Gippsland Lakes and Corner Inlet to be further assessed following a meeting with commercial and recreational sectors in (where) on (date).2. DEDJTR to provide SIV with the table of inspection costings following the decision to reduce to pre and post inspection allocation to 5% to the commercial sector. | DEDJTRDEDJTR | DateCompleted |
| Service Schedules16/17 |
| **42-8a** |  1. DEDJTR to develop an annual workplan for rock lobster and abalone that outlines the activities that will meet the deliverables described in the service schedules for 2016/17 and non-cost recoverable activities. 2. DEDJTR to work with SIV and industry to finalise the service schedules for smaller fisheries.3. The Secretariat to circulate the full set of populated schedules following these meetings ie by end of May. 4. DEDJTR to publish final 2016/17 service schedules on the FV website by early June.  | DEDJTRFCRSCSecDEDJTR | FCRSC #4318 May 201631 May 2016June 2016 |
| Cost recovery reporting and indicators  |
| **42-8b** | 1. FCRSC to provide any further comments on the end of year report by 18 May 2016.2. DEDJTR to amend the report structure and traffic lights as discussed at the meeting, and expanded where there is an issue identified by industry. 3. DEDJTR to publish the 2015/16 end of year report by 1 June 2016, with the exception of compliance services. 4. DEDJTR to publish the Final Report by 30 July 2016.5. DEDJTR to provide summary of ‘at risk’ services along with the final report. 6. DEDJTR to provide an assessment of services not delivered in 2015/16 for FCRSC #43.  | FCRSCDEDJTRDEDJTRDEDJTRDEDJTRDEDJTR | 18 May 201631 May 20161 June 201630 July 201630 July 2016FCRSC #43 |
| Update of Cost Recovery Guidelines  |
| **42-8c** | 1. DEDJTR to adjust the Guidelines with comments from the meeting and circulate to FCRSC for comment within 2 weeks.2. DEDJTR to update information on the allocation of costs between recreational and commercial fishing for WP/PPB.3. The Chair to raise industry’s concern regarding a conflict between the procurement process and cost recovery principles in his letter to the Minister. 4. DEDJTR to put the Guidelines to the Minister for endorsement prior to the commencement of the new committee.5. DEDJTR to provide the original tender documents for the abalone site surveys to FCRSC.6. DEDJTR to consider aligning the licensing year and fiscal year in the review of the Fisheries (Fees, Royalties & Levies) Regulations 2008, which sunset in 2018.  | DEDJTRDEDJTRChairDEDJTRDEDJTRDEDJTR | 18 May 201631 May 201631 May 20161 Sept 201631 May 2016TBA |
| Small operator concession |
| **42-8d** | 1. DEDJTR to prepare a paper for FCRSC #43 looking into the grouping of smaller fisheries for the purposes of setting cost recovery levies in future years.  | DEDJTR | FCRSC #43 |
| FCRSC Review |
| **42-8e** | 1.The Chair to include FCRSC achievements in his letter to the Minister  | Chair | 31 May 2016 |
| FCRSC member positions |
| **42-8f** | 1. SIV to nominate four nominees based on knowledge and experience in wildcatch fisheries, economics and/or fisheries policy, and 1 nominee representing the aquaculture sector, with consideration having been given to the government’s commitment to having at least 50% female representation in paid positions on boards and committees.2. DEDJTR to advise of the successful nominations once finalised.  | SIVDEDJTR | 1 June 20161 Sept 2016 |
| Other Business |
| **42-9** | 1. DEDJTR to provide the percentage attributions used to calculate cost recovery levies for the WPPPB fishery in 2016/17, following the establishment of remaining licences following the PPB buyout. | DEDJTR | 15 June 2016 |
| Next meeting |
| **42-10** | FCRSC #43 is not yet scheduled. | Secretariat | September 2016 |