**Fisheries Cost Recovery Standing Committee**

Meeting #46 – DRAFT Minutes

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| Meeting details: | Date: Wednesday 11 October 2017  From: 8:30am to 12:30pm  **Location: Department of Economic Development, Room 15.8, 1 Spring Street, Melbourne, VIC.** | | | | | | |
| Members attending: | Ian Cartwright (Ind. Chair)  Ed Meggitt (industry) | Johnathon Davey (SIV)  Pauline Nolle (Industry) | | | Allison Webb (VFA)  Geoff Ellis (Industry) | |  | |  | |
|  | Belinda Wilson (Industry) |  | | |  | |  | | |  | |
|  |  | | |  | |  | |
| Apologies: | Narelle Hardiman (DEDJTR) | | | Allison Webb (resigned) | |  | |
| Executive Support: | Megan Njoroge (VFA) | | | Terry Truscott (VFA) | |  | |
| Advisors/observers: | Dallas D’Silva (VFA) from 10.30am | |  | Markus Nolle (Chair, SIV Board) | |  | |
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| **◆ Paper provided 🞎 Paper to be Tabled at Meeting ▲Verbal Report** | | | | | |
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|  |  |  | TIME | WHO | ACTION |
|  |  | **FCRSC** |  |  |  |
| 1 | ▲ | Welcome & introductions | 8:30am | Ian Cartwright | Noting |
| 2 | ▲ | Apologies and guests | 8:40am | Ian Cartwright | Noting |
| 3 | ▲ | Acceptance of agenda | 8:45am | Ian Cartwright | Decision |
| 4 | ◆ | Register of Interest | 8:50am | Ian Cartwright | Decision |
| 5 | ◆ | Previous Minutes | 8:55am | Ian Cartwright | Decision |
| 6 | ◆ | Incoming/out-going correspondence   * Letter to Minister re FCRSC#44 * Reply from Minister FCRSC #44 | 9:00am | Ian Cartwright | Noting |
| 7 | ◆ | Progress on Action Items from previous meeting/s | 9:20am | Megan Njoroge | Noting |
|  |  | **ITEMS FOR DISCUSSION/NOTING** | Indicative |  |  |
| 8 | 🞎  ◆  ▲  🞎 | 1. Submissions on the RIS and re-making of the Fisheries (Fees, Royalties and Levies)   *Morning tea*   1. Assessment of services delivered for 2016-17 2. Schedules for 2017-18 3. Proposed services and costs for 2018-19   *Lunch* | 9.30am  *10.00am*  10.50am  *12.30pm* | FCRSC  FCRSC | Discussion  Discussion |
| 9 | ▲ | Other Business  - Structure of FCRSC  - Application and implementation of policy | 12:15pm | FCRSC | Discussion |
| 10 | ▲ | Meeting date FCRSC#46 | 12:35pm | Ian Cartwright | Decision |
| 11 | ▲ | Wrap Up & Close | 12:45pm | Ian Cartwright |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #46 – 11 October 2017

**1) Welcome**

The Chair welcomed members to the meeting and indicated the intention was to finish meeting business by lunchtime.

**2) Apologies and Guests:**

Ms Hardiman was an apology to the meeting.

Ms Webb had resigned from the committee since meeting #45. Members requested the Chair include their acknowledgement and appreciation of Ms Webb’s contribution in his letter to the Minister.

Mr D’Silva would attend the meeting from 10.30am as an advisor.

Mr Nolle was an observer to the meeting.

**3) Acceptance of Agenda**

**BACKGROUND:** The Chair asked for any additions to the agenda.

**OUTCOME**:

1. Two items were added under Other Business. One on structure of FCRSC and broader arrangements under the VFA, and one on the follow up of the cross subsidisation matter raised at FCRSC #45.

**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 #46 and interests were identified.

**OUTCOME:** There were no additional interests identified on the Register and members agreed to make specific note of their interests when commenting at Item 8(a).

**5) Previous Minutes**

**BACKGROUND**: The draft Minutes of FCRSC #45 were circulated to members on 18 August 2017 with no comment received. The Chair called for further comments on the draft minutes at the meeting.

**OUTCOME:**

1. No comments were received.

**ACTIONS**:

1. The Secretariat to publish the Minutes from FCRSC#45 on the website as FINAL.

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

**BACKGROUND:** The Chair wrote to the Minister on 28 July 2017 following FCRSC#45. The letter noted FCRSC’s role within the new structure of the Victorian Fisheries Authority, and raised two further matters for consideration by the Minister. In line with a request from industry members of the committee, the Chair (in his letter to the Minister), requested the Minister to consider a deferment of the re-making of the Fisheries (Fees, Royalties and Levies), and the consistency and principles for application of recovering for VFA services. The Minister replied to the Chair on 28 August 2017.

**OUTCOME**:

1. The Committee noted the Chair’s letter and the Minister’s reply.

2. The Committee noted potential for inconsistency in the Minister’s letter of response. It was noted Mr D’Silva would advise on the principles of cost recovery matter when he joined the meeting.

3. The Committee noted that email correspondence was not included and that a log of correspondence by email on cost recovery should be provided at future meetings on a trial basis. The Committee agreed that correspondence addressed to the Secretariat, FCRSC should be included and the VFA would do their best to include other correspondence related to cost recovery, noting some correspondence may occur outside the attention of the Secretariat. The main purpose of the log would be to track matters being raised and to progress any matters outstanding. The log will include issue, from whom, date received and response/resolution.

**ACTION:**

1. Subject to agreement of the VFA, the Secretariat to provide a log of correspondence relevant to cost recovery from FCRSC #47 onwards.

2. Subject to agreement of the VFA, the VFA to send a request for fishery managers to copy the Secretariat, FCRSC into emails of a cost recovery nature.

**7) Progress on Action Items from Meeting #45**

**BACKGROUND:**  Action items from FCRSC #45 were identified as “Completed”, “Pending/TBC” or “Agenda Item”. Where items were identified as pending, they were discussed at this point in the meeting.

**OUTCOMES:**

1. FCRSC noted that some items were identified as ‘Completed’ but had additional steps to finalisation eg sign off by the Minister. FCRSC agreed the action description would be updated with the next step but not removed from the list until the last step was finalised.

2. The revised FCRSC Terms of Reference were handed out and it was noted the Guidelines would be provided when outstanding matters to be included in the Guidelines had been determined, for example cost recovery during fishery closure

3. SIV noted it is considering how it consults with industry on cost recovery. In particular, the smaller fisheries require more consistent feedback.

4. FCRSC noted the VFA had recently prepared a guideline on seismic testing. The guideline can be interpreted to mean that no cost recovery will be applied to fishing sector requests related to seismic projects, and that gas/oil industry requests will be assessed on a case by case basis.

**ACTIONS:**

1. Secretariat to update Action Items where further steps are required.

2. The Secretariat to update the Guidelines pending resolution of additional items.

3. The VFA and SIV to work offline to seek a transparent and accurate approach to consultation.

4. The VFA and SIV to provide a table to FCRSC that summarises the cost recovery consultation process by fishery.

**8) Items for discussion/noting**

**8(a) Submissions on the RIS and re-making of the Fisheries (Fees, Royalties and Levies)**

**BACKGROUND:**  At FCRSC #43, DEDJTR advised that the FRL Regulations needed to be re-made by 29 January 2018 due to their sunsetting on 30 January 2018. At meeting #44 DEDJTR noted that a RIS for the proposed Regulations would take place in July- August 2017 and FCRSC subsequently agreed that it should meet around that time to discuss the RIS. DEDJTR also advised that the remaking of the regulations would most likely replace the annual regulatory amendment process ahead of the 2018-19 licensing year. Industry members of FCRSC requested a deferment of the re-make for 12 months in the Chair’s letter to the Minister following FCRSC #45.

**OUTCOME:**

1. FCRSC noted the low numbers of submissions, particularly from the recreational fishing sector.

2. FCRSC requested that copies of the original submissions be circulated to committee members.

3. FCRSC was provided with a summary table of issues raised and a description of submitters. The committee discussed each issue and industry members identified support, or not, for the proposed response to each issue, as well as matters of concern relevant to the issue and any significant matters not raised through submissions.

4. The response to each issue is at Attachment 1.

5. Industry members of FCRSC noted the biggest issue of concern was the abalone royalty and views from several sectors were received in the submissions. The views ranged from abolishment to reduction to maintaining at the current level. FCRSC concluded that royalties should only be applied in the abalone sector, that a review of royalties was necessary, and the cap on royalties and levies should be reduced to 4% of GVP. The VFA noted that the formula applied to the abalone sector meant that a declining GVP also resulted in a proportionate reduction in royalties and levies.

6. Industry members of the FCRSC noted that the recreational sector does not appear to pay for management services. The VFA advised the government and recreation sector contribute to ‘management’ of fisheries but are not subject to cost recovery per se.

7. Industry members of FCRSC noted it was difficult to comment on issues without context, for example permits for noxious aquatic species. The VFA advised this concern was about regulation wording and administration rather than a policy position.

**ACTIONS:**

1. The Sec to confirm with DEDJTR if submissions can be circulated to FCRSC members then action as appropriate.

2. The Sec to circulate the table with responses from industry members of FCRSC included by 13 October 2017.

3. The Chair to include the table with his letter to the Minister.

**8(b) Assessment of services delivered for 2016-17**

**BACKGROUND:** At meeting #43, FCRSC noted the usual process for under-delivery of services was to provide an offset for the corresponding amount on levies collected in the following year. At meeting #44, FCRSC was provided with the end of year report and proposed services that would be provided an offset in 2018-19. At meeting #46, FCRSC was provided the revised services due for offset in 2018-19 following release of the final report, and the proposed offset amount.

**OUTCOMES:**

1. FCRSC noted the services and offset amounts proposed by the VFA.

2. Industry identified that some services identified in the paper provided should be red rather than green. The Sec explained the red and green related to VFA’s proposal for offset based on items from the final report that were orange (refer FCRSC #45).

3. SIV noted that it had concerns with the status of some matters. The Secretariat advised that comments received had been included in the final report and responses would be provided separately for those comments not addressed within the report. Industry raised additional concerns for Scallop and Corner Inlet fisheries.

4. Industry asked how licences renewed in July were captured in the report. The Secretariat explained that the final report contained material that was additional to the end of year report, including for the period 1 April – 31 June for those fisheries that renewed licences on 1 July. The final report also includes reporting against inspection targets.

5. Industry advised it will provide a list of matters to VFA for consideration as offsets for the rock lobster fishery.

**ACTIONS:**

1. SIV to work with VFA fishery managers to finalise assessment of 2016-17 services.

2. Sec to revise summary of offsets following review of documents by SIV and fishery managers

3. Sec to revise summary document following assessment of offset claims by rock lobster fishery.

**8(c) Schedules for 2017-18**

**BACKGROUND:** Draft service schedules for services to be delivered in 2017/18 were provided at meeting #45.The schedules were based on 2016/17 Schedules with revised costs and dates. Following discussion at meeting #45, comments were collected from the Fisheries Management and Science branch and included in the document.

**OUTCOMES:**

1. Industry commented that there was further amendment required in the documents. SIV agreed to work with fishery managers to update the schedule services and costs, and to ensure consistency between fisheries.

2. Industry members questioned whether protected species reporting activities would be cost recovered and also if additional work from Fisheries Officers now being TSV qualified would be included in cost recovery.

**ACTIONS:**

1. SIV and VFA to meet to finalise 2017-18 schedules.

2. Once finalised, the Sec to circulate 2017-18 schedules to FCRSC for discussion at FCRSC#47 on outstanding matters.

**8(d) Proposed services and costs for 2018-19**

**BACKGROUND:** As part of the annual cost recovery process, FCRSC is advised of adjustments to levies that are proposed for the following licence year, including changes to services, licence numbers and base costs for VFA personnel. These adjustments are in addition to offsets, waivers and concessions that are calculated to give effect to the regulations.

**OUTCOMES:**

1. FCRSC noted the causes for amendment to levies for 2018-19 as broken down by service, by fishery, or applied more generally.

2. FCRSC noted the intention was not to amend the re-made regulations before April 2018 but this was subject to levies decreasing and the reductions being able to be managed through offsets and waivers.

**ACTIONS:**

1. FCRSC to review levies once 2017-18 service schedules have been finalised (Item 8c).

2. The Sec to provide the annual timetable with explanation and dates included.

**9) Other Business**

Two items were raised as Other Business and substantial discussion on the items took place through the meeting which is minuted here for clarity.

(i) The structure and reporting lines of FCRSC following the transition to the VFA and government representative changes over the previous 12 months.

**OUTCOMES:**

1. FCRSC noted the line of reporting was still directly to the Minister and there is no formal reporting from FCRSC to the VFA Board.

2. FCRSC noted the VFA Board would have an interest in cost recovery and all parts of the structure were connected on cost recovery, even if only indirectly.

(ii) The principles underpinning application of the cost recovery system were discussed, with the recreational rock lobster tagging program used as an example.

**OUTCOMES:**

1. Industry put forward the view that the user-pays principle had not been applied in the case of recovering for the rock lobster tagging project. The VFA put forward that the beneficiary pays principle was being applied in the rock lobster example.

FCRSC noted that the Terms of Reference (and Guidelines) include both user pays and beneficiary pays were included in the cost recovery principle (i) b.

2. The VFA advised that there was no cost recovery for the establishment of the rock lobster tagging project but it was proposed that some of the maintenance costs of the 3 year trial would be recovered from both recreational and commercial sectors, with government to pick up much of the cost.

3. The VFA proposed a 20% attribution of costs to the commercial sector for the project. Industry proposed a 10% attribution, and a compromise of 15% was proposed but not agreed.

**ACTIONS:**

1. The Sec to provide an updated structure chart indicating lines of reporting and informal communications between the Minister, FCRSC, VFA, and DEDJTR.

2. The Chair to include the outcomes on both items of the discussion, including the opposing views on the application of principle (i), in his letter to the Minister.

**10) Next meeting**

**OUTCOMES:**

1. FCRSC agreed that meeting dates would be set for 12 months as part of the annual timetable and circulated.

2. The meeting closed at 12.49pm.

**ACTION ITEMS FROM FCRSC #46**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ITEM** | | **ACTION** | | **RESPONSIBILITY** | | **DUE DATE** |
| Previous Minutes | | | | | | |
| **46-5** | 1. The Secretariat to publish the Minutes on the website as FINAL. | | Secretariat | | October 2017 | |
| Progress on Action Items from FCRSC #46 | | | | | | |
| **46-7** | 1. The Secretariat to provide a log of correspondence relevant to cost recovery from FCRSC #47 onwards. Secretariat to amend final 2016-17 | |  | |  | |
| Cost recovery during fishery closures | | | | | | |
| **45-8(c)** | 1. Sec to draft principles for applying cost recovery during fishery closure to be inserted into the Guidelines for the operation of the prospective cost recovery system for review at meeting #47. | | Secretariat | | FCRSC #47 | |
| Oil and Gas Exploration Costs | | | | | | |
| **45-8(d)** | 1. The Sec to draft principles around the matter for inclusion in the Guidelines and circulate these out of session. | | Chair | | asap | |
| Review of Levying in Small Fisheries | | | | | | |
| **45-8(e)** | | No further action until the review informing the re-make of the Fisheries (Fees, Royalties and Levies) Regulations is released. | | FCRSC | | When review released |
| RIS and re-make of Fisheries (Fees, Royalties and Levies) | | | | | | |
| **46-8a** | | 1. The Sec to confirm with DEDJTR if submissions can be circulated to FCRSC members then action as appropriate.  2. The Sec to circulate the table with responses from industry members of FCRSC included.  3. The Chair to include the table with his letter to the Minister. | | Secretariat  Secretariat  Chair | | October 2017  October 2017    October 2017 |
| Assessment of services delivered for 2016-17 | | | | | | |
| **46-8b** | 1. SIV to work with VFA fishery managers to finalise assessment of 2016-17 services.  2. Sec to revise summary of offsets following review of documents by SIV and fishery managers  3. Sec to revise summary document following assessment of claims by rock lobster fishery. | | SIV/VFA  Secretariat  Secretariat | | November 2017  December 2017  December 2017 | |
| Schedules for 2017-18 | | | | | | |
| **46-8c** | | 1. SIV and VFA to meet together to finalise 2017-18 schedules.  2. Sec to circulate 2017-18 schedules to the Committee once finalised. | | SIV/VFA  Sec | | November 2017  November 2017 |
| Proposed services and costs for 2018-19 | | | | | | |
| **46-8d** | 1. FCRSC to review levies once 2017-18 service schedules had been finalised (Item 8c).  2. The Sec to provide the annual timetable with explanation and dates included. | | FCRSC  Secretariat | | November 2017  November 2017 | |
| Other Business | | | | | | |
| **46-9** | 1. The Sec to provide an updated structure chart indicating lines of reporting and informal communications between the Minister, FCRSC, VFA, and DEDJTR.  2. The Chair to include the outcomes of the discussion in his letter to the Minister. | | Secretariat  Chair | | November 2017  October 2017 | |
| Next meeting | | | | | | |
| **46-10** | | 1. Sec to set meeting dates for next 12 months and circulate as part of the annual timetable. | | Secretariat | | November 2017 |