**Fisheries Cost Recovery Standing Committee**

Meeting #47 – FINAL Minutes

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| Meeting details: | Date: Thursday 26th July 2018  From: 9:00am to 1.00pm  **Location: Room 15.8, Level 15, 1 Spring St, Melbourne** |

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| Members attending:  Apologies:  Executive Support:  Advisors/ Observers: | Chair (to be elected)  Narelle Hardiman (DEDJTR)  Sonia Talman (VFA)  Pauline Nolle (Industry)  Belinda Wilson (Industry)  Geoff Ellis (Industry)  Johnathon Davey (SIV)  Ed Meggitt (Industry)  Megan Njoroge Ph 8392 6850  Helen Myroniuk  Marcus Nolle (SIV) | Ttttttttt |  |  |

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|  |  | STANDING ITEMS | TIME | WHO | ACTION |
| 1 | ▲ | Welcome & introductions | 9:00am | FCRSC |  |
| 2 | ▲ | Election of Chair | 9.05am | FCRSC | Decision |
| 3 | ▲ | Apologies and guests | 9:10am | Chair |  |
| 4 | ▲ | Acceptance of agenda | 9:15am | Chair | Decision |
| 5 | ⚫ | Register of Interest | 9:20am | Sec | Decision |
| 6 | ⚫ | Previous Minutes | 9:25am | Chair | Decision |
| 7 | ⚫ | Incoming/out-going correspondence   * Letter to Minister re FCRSC#46 * Reply from Minister FCRSC #46 * Renewal enquiries | 9:30am | Chair | Noting |
| 8 | ⚫ | Progress on Action Items from previous meeting/s | 9:35am | Sec | Noting |
|  |  | ITEMS FOR DISCUSSION/NOTING | Indicative |  |  |
| 9 | ▲  ⚫  ⚫ ▲  ⚫ | 1. Assessment of services delivered for 2017-18 2. Schedules for 2018-19 3. Review of Cost Recovery 4. Introduction to the CFO and COO   *Lunch*   1. Schedule of meetings for 2018 | 9.45am  *12.15pm* | FCRSC | Discussion |
| 10 | ▲ | Other Business | 12.40pm | All | Discussion |
| 11 | ▲ | Meeting date FCRSC#48 | 12:50pm | Chair | Decision |
| 12 | ▲ | Wrap Up & Close | 12:55pm | Chair |  |

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⚫ Paper provided ◼ Paper to be tabled at Meeting ▲Verbal Report

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #47 – 26th July 2018

**1) Welcome and introductions**

The Secretariat welcomed members to the meeting and introduced the new government representative, Sonia Talman.

**2) Election of Chair**

The members present elected Johnathon Davey as chair for the meeting

**3) Apologies and Guests:**

Ed Meggitt was an apology for the meeting.

**4) Acceptance of Agenda**

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

**OUTCOME**:

1. FCRSC requested that meetings be recorded in future to provide a way to check accuracy of what was said.

2. Industry also requested that meetings be more regular to ensure continuity and resolution of issues. The Chair will note irregularity of meetings has led to delay in the cost recovery review.

3. Other business – industry requested seismic testing be placed as an item under “Other Business”. The matter was discussed in a prior item and subsequently removed from Other Business.

4. The agenda was accepted by FCRSC.

**ACTIONS:**

1. The Secretariat to investigate the feasibility of recording meetings along with the necessary administrative processes required.

**5) 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 #47 for additional interests to be identified.

**OUTCOME:** There was one interest identified on the Register by Ms Nolle.

**6) Previous Minutes**

**BACKGROUND**: The draft Minutes of FCRSC #46 were circulated to members on November 2017. Comments were received after the comment period but were deferred to meeting #47.

**OUTCOME:**

1. FCRSC noted that the comment “Industry proposed 10%” under Item 9 was incorrect. Industry did not agree to a percentage and only used the 10% as an example within the discussions. Industry supports the principle of user pays and that industry pays a percentage as would other users of fisheries services.

**ACTIONS**:

1. The Secretariat to remove the comment from the minutes at Item 9 and replace with appropriate text.

2. The Secretariat to circulate Minutes for endorsement before Minutes are published as FINAL.

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

**BACKGROUND:**

The Chair wrote to the Minister on 18 October 2017 following FCRSC #46 and a reply was received on 19 November 2017. In her reply, the Minister noted that she had asked the VFA and DEDJTR to review cost recovery in 2018.

A letter from the Abalone Industry Committee was received by the Minister on the matter of abolishing royalties in the abalone sector.

**OUTCOME**:

1. FCRSC noted the correspondence received since meeting #46.

2. SIV noted they had not received many phone calls regarding 2018-19 licence renewals, aside from similar issues to those raised in the correspondence. Neither VFA or SIV had updated the shared correspondence portal due to time constraints. The process of updating issue logs at meetings was discussed as a more time effective and preferred measure.

3. FCRSC noted that correspondence from the Mallacoota Bait and Crown Land Eels licence classes had resulted in the removal of research services and application of the small operator licence classes respectively.

4. SIV members of FCRSC provided an update on recent work on the SIV levy and understanding the best most appropriate apportionment of costs across licence classes. FCRSC agreed there was further work to be done in this area and it would be best linked into the cost recovery review. FCRSC noted that a report on the work would be provided to the VFA ahead of the first payment of the Grants Levy for 2018-19.

**ACTION:**

1 No actions were identified for this item.

**8) Progress on Action Items from Meeting #46**

**BACKGROUND:**  Action items from FCRSC #46 were identified as “date completed” or “FCRSC #47 Agenda Item”. There were no outstanding items identified.

**OUTCOMES:**

1. FCRSC noted the status of action items from meeting #46.

2. FCRSC agreed text for two items for inclusion in the Guidelines, being ‘seismic testing’ and ‘principles for applying cost recovery during fishery closures’.

**ACTIONS:**

1. The Secretariat to include the agreed sections of text in the Guidelines.

**9) Items for discussion/noting**

**9(a) Assessment of services delivered for 2017-18**

**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. FCRSC was provided with the end of year report for 2017-18 ahead of FCRSC #47. An end of year report for aquaculture and wild catch was provided.

**OUTCOME:**

1. VFA has reported on all services for 2017-18 except inspections and no instances of under-delivery of services have been found.

2. Inspection data is the final service for reporting for 2017-18 and the final report will be prepared once this information is received. Offsets for compliance services is calculated on a per inspection under-delivered basis i.e. numeric calculation of offsets is directly proportionate to costs for non-delivered services. FCRSC acknowledged that this approach is consistent with previous years.

3. Industry members indicated that absence of comments in the administration cells should be addressed to reflect similar levels of reporting across all services. An imbalance in comments in the rock lobster reports compared to other licence classes was also noted.

4. Industry also questioned the need for a 24-hour duty officer in some fisheries and whether the MEZO contract had been satisfactorily delivered. It was noted that the final presentation of the product was due to be given at the upcoming RLAG meeting although the due date for delivery was June 2018

**ACTIONS:**

1. FCRSC to provide comments on levels of service delivery identified in the 2017-18 end of year report within 2 weeks of the meeting.

2. The Sec to prepare a summary of under-delivered services from 2017-18 including the proposed offset amount for each.

3. The Sec to include inspection numbers to produce the final report for FCRSC #48 and include any offsets in the summary.

4. The SEC to review the administration part of the report.

5. The Sec to provide the final report will be provided ahead of FCRSC #49.

**9(b) Schedules for 2018-19**

**BACKGROUND:**

Draft service schedules for services to be delivered in 2018/19 were provided ahead of the meeting.The schedules were updated from 2017/18 to include revised costs and services.

**OUTCOMES:**

1. FCRSC noted the draft schedules for 2018-19 and that work on completing the schedules as ‘final’ was underway.

2. Industry requested that an additional column with costs from the previous year be included for comparison when FCRSC is looking at the new schedules.

3. FCRSC noted that few changes had occurred in the 2018-19 schedules and most were in bait and finfish fisheries.

4. FCRSC noted that the key initiatives for the rock lobster and giant crab fisheries were not intended to be ongoing services and would be removed from schedules in due course or integrated into research and management services in due course.

5. The reviewed schedules will be provided to FCRSC ahead of FCRSC #49.

**ACTIONS:**

1. The Sec to add extra column to schedules for comparative purposes.

2. The VFA to meet with the Sec to revise and amend management and research services for the bait and finfish licence classes.

3. SIV and VFA to run through amended schedules and discuss changes as necessary.

**9(c) Review of Cost Recovery**

**BACKGROUND:**

The VFA provided a brief discussion paper on key areas for review ahead of the meeting. The paper was designed to stimulate discussion within the committee rather than to provide a definitive list. The Secretariat noted that some background work on the cost recovery review had commenced but there was no report and it was expected that FCRSC would contribute to the review process before any products were released. The committee noted that the review could consider improvements to current system, recognising its positives and negatives. The FCRSC noted that there should be terms of reference developed for the review, and that the first call should be to review already undertaken reviews (2003 and 2009) and the implementation of the WA model and also to understand outcomes from South Australia’s review (currently being undertaken). FCRSC heard that the returns on investment in the prospective system were diminishing, including reductions to levies and better outcomes from existing services. The committee noted that royalties in the abalone sector need to be reviewed with possibility to remove as had been recommended by industry members of FCRSC previously.

**OUTCOMES:**

1. The CR review should include the matter of cost recovery for seismic applications due to the time and effort required to address requests.

2. SIV has prepared a policy and is securing arrangements for additional FTE to manage requests and consultation. FCRSC recommended that VFA should consider a similar and coordinated approach that clearly delineates roles and what activities will be undertaken when requests are received.

3. FCRSC endorsed the abolition of royalties in the abalone sector. It was agreed that cost recovery in the abalone sector should be on the same basis as for other wildcatch fisheries. This would mean that cost recovery levies and FRDC levies be collected based on services delivered and GVP respectively. The cap on the total amount recovered would be removed.

4. FCRSC acknowledged that this would most likely increase costs in the Western Zone and decrease costs in the Eastern Zone. The abalone representative assured FCRSC that this would be supported by the abalone industry widely. Industry members of FCRSC assured the meeting that there was strong industry support for this change.

5. FCRSC discussed the possibility of removing the royalties for the 2019-20 licensing year. The Secretariat noted that regulatory amendments would be required, including a Regulatory Impact Statement and it is unlikely that such a process could be achieved ahead of the new licensing year but could form part of the review of the 2009 Regulations. Industry questioned whether levies could be adjusted accordingly without the underpinning regulatory change simply as an administrative process. *Sec note - altering levies in a manner that is not consistent with the current regulations is not allowable. Therefore, the regulations need to be adjusted first and then the levy amounts.*  Industry members of FCRSC noted that the removal of the royalties would be well received even if it did not occur in 2019-20, however urged everything possible be done to implement this recommendation as soon as possible.

6. FCRSC discussed preparing terms of reference to guide the review process and a consultant if this was the path chosen. FCRSC noted that Western Australia had reviewed cost recovery some years back including the rent recovery approach of a % GVP. It was also noted that South Australia had commenced a review of cost recovery including comparison of arrangements in each state and territory. FCRSC agreed to meet in August to dedicate a meeting towards progressing the review and ensuring early industry input.

**ACTIONS:**

1. The Chair to include FCRSC recommendation to abolish royalties in his letter to the Minister and indicate that FCRSC welcomed the review the cost recovery.

2. The Secretariat to investigate the South Australia review to identify possible linkages in the work being undertaken.

3. Mr Ellis to provide FCRSC with reports from the Western Australia review of 2010.

**9(d) Introduction to the CFO and COO**

**BACKGROUND:**

At FCRSC #45 and #46, members have asked about arrangements following the transition of Fisheries Victoria to the Victorian Fisheries Authority (VFA). Since meeting #46, the appointment of a Chief Operating Officer and a Chief Finance Officer have been completed. The appointees were invited to FCRSC to meet with committee members and advise on where the transition in budgetary and corporate arrangements for the VFA are presently at.

**OUTCOMES:**

1. The COO provided an overview of the corporate functions of the VFA.

2. The CFO provided an overview of current budgetary arrangements along with changes to budget mechanisms proposed for the future. FCRSC noted that cost recovery levies will continue to be collected and allocated through consolidated revenue.

3. FCRSC asked for clarification on the role of cost recovery within the VFA budget moving forward. It was noted that this was a work in progress, but stronger linkages and reporting lines were anticipated.

**ACTIONS:**

1. The CFO to be invited to future FCRSC meetings.

**9(e) Schedules of meeting for 2018**

**BACKGROUND:**

At FCRSC #46 a request was made to provide members with a schedule of meetings for the year ahead in line with key decision points. Ahead of FCRSC #47 a request for more frequent meetings (monthly) was also received. A draft schedule of meetings up to May 2019 was provided.

**OUTCOMES:**

1. FCRSC agreed that the 9am-1pm meeting time was the most suitable.

2. FCRSC agreed that an August and September meeting would be suitable and suitable dates were agreed. An August meeting would allow for the cost recovery review to be progressed and a September meeting would be used for regular business.

3. FCRSC noted that little may occur once caretaker mode was in place (October) and the new government was established (February 2019). An additional meeting could be arranged between Sept - Feb to progress the cost recovery review if required, pending outcomes of FCRSC #48 in August.

**ACTIONS:**

1. The Secretariat to amend dates on the schedule and arrange a cost recovery review meeting for 28 August

**10) Other Business**

**OUTCOMES:**

1. Other business items were addressed in earlier items of the meeting

**ACTIONS:**

No actions arose at this item.

**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.