**DEPARMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES**

# FISHERIES COST RECOVERY STANDING COMMITTEE

Meeting #36 – Draft Minutes

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| Meeting details: | | | Date: Monday 10 November 2014  From: 10:00am to 3:00pm  **Location: Department of Environment & Primary Industries, Room 16.1, 1 Spring Street, Melbourne, VIC.** | | | | | |
| Members attending: | | | Ian Cartwright (Ind. Chair) | Gary Leonard (Industry) | | | Johnathon Davey (SIV) | |
|  | | | Harry Peeters (Industry) | Markus Nolle (Industry) | | |  | |
|  | | | Mark Edwards (DEPI) | Terry Truscott (DEPI) | | |  | |
| Apologies: | | | Geoff Ellis |  | | |  | |
| Executive Support: | | | Megan Njoroge (DEPI) |  | | |  | |
|  | | |  |  | | |  | |
| Advisors/Presenters: | | | Ross Tsokas (DEPI  Cost Recovery Support) |  | | |  | |
| **◆ Paper provided 🞎 Paper to be Tabled at Meeting ▲Verbal Report** | | | | | | | | |
|  |  |  | | | TIME | WHO | | ACTION |
|  |  | **FCRSC** | | |  |  | |  |
| 1 | ▲ | Welcome | | | 10:00am | Ian Cartwright | | Noting |
| 2 | ▲ | Apologies & guests | | | 10:05am | Ian Cartwright | | Noting |
| 3 | ▲ | Acceptance of agenda | | | 10:10am | Ian Cartwright | | Decision |
| 4 | ◆ | Conflict of Interest | | | 10:15am | Ian Cartwright | | Decision |
| 5 | ◆ | Previous Minutes | | | 10:20am | Ian Cartwright | | Decision |
| 6 | ◆ | Incoming/out -going correspondence | | | 10:25am | Ian Cartwright | | Noting |
| 7 | ◆ | Progress on Action Items from previous meeting/s | | | 10:30am | Mark Edwards | | Noting |
|  |  | **ITEMS FOR DISCUSSION/NOTING** | | | Indicative |  | |  |
| 8 | ◆  ◆  ◆  ◆  ◆ | *[break / lunch]*   1. Progress on actions from fishery-specific forums 2. Service and levy adjustments and offsets for 2015/16 3. Quarter two report 4. Annual review 5. Communication strategy | | | *12:00pm*  1.00pm | Mark Edwards  Ross Tsokas  Megan Njoroge  Megan Njoroge  Megan Njoroge | |  |
| 9 | ▲ | Other Business | | | 2:45pm | All | |  |
| 10 | ▲ | Next Meeting – TBC | | | 2:55pm | Ian Cartwright | | Decision |
| 11 | ▲ | Wrap Up & Close | | | 3:00pm | Ian Cartwright | |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #36 – 10 November 2014

**1) Welcome**

The meeting commenced at 10.10am and the Chair welcomed the Committee and guests.

**2) Apologies and Guests:**

Geoff Ellis (Industry) was an apology.

Ross Tsokas (DEPI) attended to present spreadsheet information for levy adjustments.

**3) Acceptance of Agenda**

Mr Leonard requested that the recent ministerial release regarding Port Phillip Bay fisheries be added to Other Business. This was identified as item 9.1.

**4) Register of Interest**

**BACKGROUND**: At meeting #34 FCRSC it was agreed to update a Register of Interest 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:** FCRSC members included their interests on the template and signed the document. There was discussion on whether the holding of a recreational licence constitutes an interest. While recognised as a potential issue where a member belongs to a representative body for recreational fishers, merely holding a licence was deemed not to constitute an interest.

**Action**:

1. The Secretariat will update the document ready for meeting #37 and file the original with FCRSC papers.

**5) Previous Minutes**

**BACKGROUND**: Draft Minutes of FCRSC meeting #35 of 30 September 2014 were circulated to members on 8 October 2014 for comment by 15 October 2014.

Comment was received from the Chair, Mr Edwards and Dr Truscott. The Chair authorised DEPI to publish the Draft Minutes of FCRSC meeting #35 of 30 September 2014 on the DEPI website; the minutes were published on the web on October 16 2014.

Late comments were received from Mr Davey and these have been included, except for text at item 6(c) highlighted in red in the attached document for *Agenda item 5 FCRSC #35 draft minutes – for consideration at #36*.

**OUTCOME**: FCRSC agreed that resolution of the matter of levy values for inactive licences was discussed at FCRSC#35 but it was not clear that agreement had been reached about the matter.

FCRSC accepted the minutes for meeting #35 pending changes to the text at item 6(c). The matter was referred to item 9.2 in Other Business.

As a procedural response, FCRSC agreed to take future unresolved issues from the draft minutes of a meeting to the next meeting and adjust the minutes to reflect an agreed record of the initial meeting.

**ACTION**:

1. The Secretariat to revise text at item 6(c) from meeting #35 and circulate for approval with the #36 minutes on 21 November 2014.

2. The comment period will remain open until 5pm on 28 November 2014 unless requested otherwise by the Chair.

3. The #35 Minutes will then be published as ‘Final’ on the DEPI website.

**6) Incoming/out-going correspondence**

**BACKGROUND:**  The Chair wrote to Minister Walsh on 17 October 2014 date advising him of matters raised at FCRSC #35 and reminding him of the request for the Minister’s response to outstanding matters recommended in the Chair’s previous letter. It was noted that the Chair responded to Mr Bill Allen’s letter of 13 September 2014 in accordance with the discussion held by FCRSC at #35. A response from the Minister to the Chair was circulated to FCRSC on 8th November 2014.

**OUTCOME**: FCRSC discussed the Minister’s response and industry representatives noted they were seriously disappointed with the Minister’s response. The industry could not comprehend how the Minister could respond so negatively, when questioned over locking in of levies over a four year period (from 2016) when it was clearly noted that there are significant ongoing discussions about the nature and extent of services and consequent costs, which are unlikely to be resolved prior to October 2015. The Committee agreed that any further correspondence with the Minister should be considered when the in-coming government had been appointed.

Industry members of the Committee were interested in seeking independent legal advice on the legislative basis for the new prospective cost recovery system; the Department indicated it did not believe the Committee had the ability to seek independent legal advice. The Committee then identified specific questions it wanted the Department to address, viz:

1. Does government have a legal right to under/overcharge for services under the cost recovery system and not adjust for these charges in subsequent years?

2. How does the principle of “competitive neutrality” apply to fisheries cost recovery and fisheries services?

**ACTIONS:**

1. DEPI to ensure all written correspondence in and out are provided to FCRSC members for consideration at following meetings.

2. DEPI to further respond to Mr Allen’s letter by 21 November 2014.

3. The Chair to contact Mr Allen by phone after 21 November to confirm receipt of his response.

4. DEPI to table answers to the two questions above for consideration at FCRSC #37.

**7) Progress on Action Items from meeting #35**

**BACKGROUND:**  At Meeting #35, FCRSC requested that action items from previous meetings be identified as Complete, Pending or Agenda Item. These changes have been included for Action items from meeting #35.

**OUTCOME:** FCRSC noted progress on meeting #35 Action Items to date; #35 Action Items for #36 Agenda noted.

Regarding Action 35-6(b), it was agreed that text on recreational vs commercial take on page 23 of the Guidelines for the operation of the prospective cost recovery system needs to reflect the importance of improving data on recreational fishing as a priority, the following was accepted:

‘*The Committee acknowledges that the number one research priority for Fisheries Victoria is accurately quantifying recreational take of the various species. Without this catch being accurately quantified there will be ongoing difficulty in properly apportioning costs.’*

Text on a review process for the Guidelines was agreed and is to be included in the document, as follows:

*‘The guidelines will be subject to refinement as the implementation and operation of the prospective cost recovery system proceeds. Future changes will be made by way of Appendices. At a future date a new set of guidelines will be issued which will incorporate the appendices, as appropriate, into the main document. In many instances changes will be implemented prior to the review as appropriate.’*

An overview of the analysis on potential overcharge in 2013/14 licensing year due to the 30% increase in levies for that year was discussed. DEPI indicated that the comparison of costs recovered in 2013-14 with those for the full recovery in 2014-15 following adjustments (but without phasing in and other concessions) shows that rock lobster was not due for an offset. Likewise, when the same analysis was applied to other licence classes, it was found that no offsets were required as a result of the 30% increase applied to 2013/14 levies.

It was noted that the SARDI contract is due for renewal in June 2015 and the arrangements for provision of rock lobster assessment services by SARDI were discussed.

Mr Nolle requested that DEPI respond to his question on whether the services specified in the Appendix of the SARDI contract covered the full extent of detail of services provided, or whether further breakdown was available. It was also queried if the assessment process was included in the contract arrangements to ensure value for money.

There was no RFQ for the contract; the services were contracted under an Alliance Agreement within the National R, D&E Framework, signed by both State Ministers and with a governing board representing FV, SARDI and an independent expert. Under the Framework, SARDI was recognised as the national leader in rock lobster science. Under the Alliance Agreement, goods and services being procured are exempt from normal Victorian Government purchasing requirements. The Committee noted that this is a different process to a formal external procurement process involving an RFQ and consideration of alternative providers.

DEPI noted that if there was a desire to explore provision of services outside of government, a process could be undertaken to explore external procurement for all, or part, of the required services.

**ACTIONS:**

1. DEPI to include additional text to the Guidelines as agreed at the meeting. The Guidelines will then be marked as Final and published on the DEPI website, with any further additions to be made as Annexes.

2. DEPI to provide Mr Nolle with any further specification of services beyond the schedules provided in the SARDI contract.

3. DEPI to provide FCRSC with documents associated with the National R, D & E Framework.

**8) Items for discussion/noting**

***8(a) Statewide cost recovery forums***

**BACKGROUND:**  At meeting #35 FCRSC reviewed the actions list from the 11 fishery specific regional forums held during July, August and September 2014 with industry. FCRSC ranked the issues as Priority 1, 2 or 3 on the following basis:

1 – needing immediate attention

2 – addressed by the next meeting of FCRSC (Friday 28 November 2014)

3 – address at a time after the next meeting of FCRSC

The updated actions summary at agenda item 8(a) was provided and includes the priorities and updated responses where actions have progressed.

**OUTCOME:** FCRSC noted progress on priority 1 and 2 items from the forum action list.

FCRSC agreed payment of cost recovery levies through instalments would be costly to administer and give rise to practical issues in relation to licence suspension. The Committee agreed it did not support the proposal to pay in instalments.

DEPI agreed to write up a proposal on mechanisms to recognise and support good compliance behaviour.

Both industry and DEPI members acknowledged that data collection for recreational catch was a priority for the equitable implementation of the cost recovery system because of its importance in apportioning cost between extractive sectors.

The Committee discussed how the forum action list could be updated on priority and timing of actions for review at meeting #37. The Committee agreed that an additional column indicating timing for actions would be included, and that completed actions will be removed from the priority list, remaining actions will be moved up to a higher priority ranking and new actions for discussion at FCRSC #37 would become priority 3 actions.

**ACTIONS:**

1. DEPI to amend the forum actions to remove completed actions from the priority list, but retain the completed actions in the full actions list.

2. DEPI to revise priority for forum actions for meeting #37 such that existing actions will be moved to a higher priority ranking and a new set of priority actions will be added to the key actions list for discussion at FCRSC #37.

3. DEPI to include timeframes for remaining forum actions to help with assigning priority and to track actions at future meetings.

4. DEPI to provide a proposal on ways to recognise and support good compliance behaviour for meeting #37.

***8(b) Service and levy adjustments and offsets for 2015/16***

**BACKGROUND:**  During the transition to the new approach to cost recovery it is expected that refinement of cost recovery levy values will occur, requiring amendment of the regulations. For the coming 2015-16 licensing year, two forms of adjustment will occur (as explained by Ross Tsokas at meeting #35) i.e. adjustments due to reviewed estimation of levy values in the first year (2014/15) and offsets where levels of services have been revised downward resulting in over recovery of costs in 2014/15. The agreed changes to services and costings established by mid-October have now been entered in the cost recovery model and new levy values generated. These values will, subject to the Minister’s agreement, now be inserted into the regulations (as fee units) through a regulatory amendment. The spreadsheets provided contain the proposed new levy values.

**OUTCOME:** FCRSC was advised of the system used to review catch and effort administration costings whereby licence classes have a ranking (1-4) applied to them based on the level of service required. Licences which are non-active are assigned a low ranking. This ranking, and the number of licences in a fishery, is used to calculate the recoverable cost for that fishery.

FCRSC acknowledged and supported the process for addressing inactive licences for catch and effort services. DEPI advised that although not perfect, the ranking system does address licence activity and inactivity in a fairer manner.

An example of how offsets were applied for the cost recovery model was worked through.

FCRSC expressed their appreciation of the work and professional presentation Mr Tsokas had applied to the task.

Mr Davey expressed there is a need to ensure the costings for catch and effort administration are not simply shifted sideways to active fisheries, from licences with a large levels of inactivity.

**ACTIONS:**

1. DEPI to provide Mr Peeters with an additional set of spreadsheets.

2. DEPI to provide Mr Nolle with the Excel spreadsheet used in the presentation. These will be marked as Committee-in-Confidence for both.

***8(c) Quarterly Report***

**BACKGROUND:** The first quarter report (1 April – 30 June) for 2014 was published on the DEPI website on 20 October following additional comments from FCRSC at meeting #35. The Quarter two report is under preparation and due to be published on the DEPI website on 28 November. Further improvements to the quarterly reporting process and content of reports have been made in the report; further changes are expected by quarter three. Specifically, the changes are inclusion of drop down status indicators, quantitative data collection standards for correspondence, and cost for services in current year. A database (Access) information storage system is proposed for quarter three (Q3), along with amendments to the service descriptions.

**OUTCOME:** FCRSC noted the changes since the previous report and inclusion of feedback from meeting #35 in the quarter 2 report. FCRSC noted the reporting timetable and overarching role that the Committee would play in the reporting process.

FCRSC agreed that a process for industry validation of the report would be implemented. This will include the nomination of an industry representative for each licence class who will review the report, consult in as far as it is possible and comment on receipt of services for that fishery from an industry point of view. SIV will coordinate the nomination of candidates for each licence class as the first step. Industry champions nominated at the meeting were:

AIC – 3 abalone zones

Markus Nolle – rock lobster zones and giant crab

Gary Leonard – bays and inlets

Ed Meggitt – aquaculture

SIV – remaining fisheries

FCRSC agreed that this process would commence after the report had been published on the DEPI website. Any updates required as a result of the industry validation process will be incorporated in the subsequent quarter.

The industry members noted that the reporting template now has quantitative assessment parameters but more were required, such as number of industry meetings. Addressing the industry concern around the lack of quantitative assessment parameters will allow the increased transparency proposed under the new prospective cost recovery regime and aid the assessment of the 75% deliverable requirement.

**ACTIONS:**

1.DEPI to circulate the quarter two report to FCRSC on 28 November 2014.

2. DEPI to publish the report on the DEPI website by 28 November 2014 and then as per the timetable provided.

3. SIV to coordinate an inventory of industry ‘champions’ to review the report from the perspective of the 43 licence classes reported against.

***8(d) Annual review***

**BACKGROUND:**  At meeting #34, FCRSC agreed that an annual review should be developed as identified in the Terms of Reference. FCRSC requested that DEPI provide a template from which FCRSC could undertake the review on an annual basis, prior to the commencement of the following licensing year. The draft provided has been amended based on an example provide by the Chair and as agreed by FCRSC at #35.

**OUTCOME:** FCRSC noted the revised review format and the intention that members complete the review questionnaire and return to the Secretariat for compilation before meeting #37.

**ACTIONS:**

1. The Secretariat to circulate the review questionnaire on 24 November 2014.

2. FCRSC members to complete and mail by return post by 9 December 2014.

3. The Secretariat to compile the results and report back to FCRSC at meeting #37 in time to action any recommendations for the 2015/16 licensing year.

***8(e) Communication Strategy***

**BACKGROUND:** At meeting #35, FCRSC noted that the Terms of Reference require FCRSC to produce a Communication Strategy as part of its ongoing obligation to represent and provide feedback to industry on progress with the prospective cost recovery system. An outline of a FCRSC communication strategy was provided for consideration by FCRSC.

**OUTCOME:** FCRSC noted the draft strategy and provided comment, including a number of suggestions to improve access to cost recovery information for abalone fishers through Fisher Net, deliver cost recovery forums through existing meetings to create efficiencies and use times more relevant to each fishery, equip fishery managers with cost recovery presentation materials, identify sources for basic cost recovery information, and update the contact details for FCRSC.

Specifically, FCRSC noted the following meetings could be utilised for Cost Recovery consultation and communication:

EZ abalone TACC December 2014

CZ abalone TACC January 2015

WZ abalone TACC January 2015

EZ rock lobster TACC TBA

WZ rock lobster TACC TBA

Giant Crab TACC TBA

VBIFA annual forum TBA

Trout Association meetings TBA

DEPI proposes the Strategy itself will be an internal FCRSC document that will be used as a resource to be reflected in FCRSC activities and communications.

**ACTIONS:**

1. DEPI to incorporate the Communication Strategy comments as discussed at the meeting to improve access to cost recovery information for abalone fishers, deliver cost recovery forums through existing meetings to create efficiencies and use times more relevant to each fishery, equip fishery managers with cost recovery presentation materials, identify sources for basic cost recovery information, and update the contact details for FCRSC and provide a revised draft for meeting #37.

**9) Other Business**

**9.1 Ministerial announcement**

Premier Napthine released a statement on 2 November 2014 called the Better Bay Plan.   
The statement included components relating to a buyback of commercial fishing licences and phasing out of commercial netting.   
Currently, the Department is in 'care-taker' mode, which means it is unable to comment on statements made by political parties relating to policies they may progress should they be elected.   
At this stage, there are no changes to commercial fishing licence arrangements. After the 29 November election, it will be up to the elected government to decide how they wish to proceed on this matter.

The industry suggested that science costs associated with the Westernport/Port Phillip Bay and Gippsland Lakes fishery licences should be either removed completely or the percentages adjust significantly should commercial licences be removed. The industry should not be paying for science costs in fisheries where it is providing a majority benefit to recreational fishers.

**9.2 Non-active licences.**

DEPI outlined the current approach to allocating costs across licences in a fishery, including non-active licences. Differentiating levies applied to active and non-active licences would be complex, require regulatory amendments and changes to administrative systems, and could increase costs on active licences.

**9.3 Principles and approach paper on waiver for 2015/16**

The determination of the 75% delivery of services was discussed and it was agreed that FCRSC will need to consider this as a priority at the next meeting.

**ACTION**:

1. FCRSC to prepare a proposal to consider differential levying for non-active licences for services other than catch and effort for meeting #37.

2. DEPI to prepare a proposal for FCRSC #37 that considers the principles, process and timing for determination of whether services meet the delivery requirement, and the process for application of a waiver.

**10) Next meeting:**

FCRSC #37 to be held in February 2015 on a date to be confirmed.

The meeting closed at 3.10pm

**ACTION ITEMS**

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **ACTION** | **RESPONSIBILITY** | **DUE DATE** |
| Register of interest | | | |
| **36-4** | 1. The Secretariat will update the Register of Interest ready for meeting #37 and file the original with FCRSC meeting papers. | DEPI | 9 Feb 2015 |
| Previous minutes | | | |
| **36-5** | 1. The Secretariat to revise text at item 6(c) in the minutes from meeting #35 and circulate for approval with the #36 minutes on 21 November 2014.  2. The comment period will remain open until 5pm on 28 November 2014 unless requested otherwise by the Chair.  2. The #35 minutes will then be published as ‘Final’ on the DEPI website. | DEPI  FCRSC  DEPI | 21 November 2015  28 November 2015  29 November 2015 |
| Correspondence | | | |
| **36-6** | 1. DEPI to ensure all written correspondence in and out are provided to FCRSC members for consideration at following meetings.  2. DEPI were asked to respond to Mr Allen’s letter by 21 November.  3. The Chair to contact Mr Allen by phone after 21 November to confirm receipt of his response.  4. DEPI to table answers to the questions:  i*. Does government have a legal right to under/overcharge for services under the cost recovery system and not adjust for these charges in subsequent years?*  *ii. How does the principle of “competitive neutrality” apply to fisheries cost recovery and fisheries services?* for consideration at FCRSC #37. | DEPI  Chair  DEPI | 21 November 2014  After 21 November 2015  9 February 2015 |
| Previous actions | | | |
| **36-7** | 1. DEPI to include additional text to the Guidelines as agreed at the meeting. The Guidelines will then be marked as Final and published on the DEPI website, with further additions to be made as Annexes.  2. DEPI to provide Mr Nolle with any further specification of services beyond the schedules provided in the SARDI contract.  3. DEPI to provide FCRSC with relevant documents associated with the National R, D & E Framework. | DEPI  DEPI  DEPI | 26 November 2014  1 December 2014  28 November 2015 |
| Cost recovery forums | | | |
| **36-8(a)** | 1. DEPI to amend the forum actions to remove completed actions from the priority list but retain the completed actions in the full actions list.  2. DEPI to revise priority for forum actions for meeting #37 such that remaining actions will be moved up to a higher priority ranking and new actions for discussion at FCRSC #37 will become priority 3 actions.  3. DEPI to include timeframes for remaining forum actions to help with assigning priority and to track actions at future meetings.  4. DEPI to provide a proposal on ways to recognise and support good compliance behaviour for meeting #37. | DEPI  DEPI  DEPI | 26 November 2014  2 December 2015  2 December 2015 |
| Cost recovery levy and service adjustments | | | |
| **36-8(b)** | 1. DEPI to provide Mr Peeters with an additional set of spreadsheets on the amendments for 2015/16.  2. DEPI to provide Mr Nolle with 2015/16 amendments and offsets spreadsheets used in the presentation as an Excel document. These will be marked as Committee-in-Confidence. | DEPI  DEPI | 19 November 2015  19 November 2015 |
| Quarterly report | | | |
| **36-8(c)** | 1. DEPI to circulate the quarter two (Q2) report to FCRSC on 28 November 2014.  2. DEPI to publish the Q2 report on the DEPI website by 28 November 2014 and then as per the timetable provided.  3. SIV to coordinate an inventory of industry ‘champions’ to review the report from the perspective of the 43 licence classes reported against. | DEPI  DEPI  SIV | 28 November 2015  28 November 2015  9 December 2015 |
| FCRSC review | | | |
| **36-8(d)** | 1. The Secretariat to circulate the FCRSC review questionnaire on 24 November 2014.  2. FCRSC members to complete the questionnaire and mail by return post by 9 December 2014.  3. The Secretariat to compile the results of the questionnaire and report back at FCRSC #37 in time to commence actioning recommendations for 2015. | DEPI  FCRSC  DEPI | 24 November 2015  9 December 2015  9 Feb 2015 |
| FCRSC communications strategy | | | |
| **36-8(e)** | 1. DEPI to incorporate the Communication Strategy comments as discussed at the meeting to improve access to cost recovery information for abalone fishers, deliver cost recovery forums through existing meetings to create efficiencies and use times more relevant to each fishery, equip fishery managers with cost recovery presentation materials, identify the Minister (for Agriculture and Food Security) as its key stakeholder, identify sources for basic cost recovery information, and update the contact details for FCRSC and provide a revised draft Communication Strategy for meeting #37. | DEPI | 9 Feb 2015 |
| Other business | | | |
| **36-9** | 1. FCRSC to prepare a proposal to consider differential levying for non-active licences for services other than catch and effort for meeting #37.  2. DEPI to prepare a proposal for FCRSC #37 that considers the principles, process and timing for determination of whether services meet the delivery requirement, and the process for application of a waiver. | FCRSC  DEPI | Feb 2015  9 February 2015 |
| Next meeting | | | |
|  | The next meeting will be held in February 2015 on a date to be determined. |  |  |

***Questions on Notice***

1. Mr Davey requested an explanation of what the operating costs were for licensing administration as identified in the service revisions summary.
2. Mr Peeters requested examples where overtime had been required for Fisheries Officers undertaking inspections. Mr Peeters also requested that management options be considered to reduce the overtime required.
3. Mr Davey requested information on the operating costs for management that were reviewed as part of the adjustments to 2015/16 levies, ie were these reductions a result of previous overcharging for services or are there services being lost, and if so, which services?