**DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES**

# FISHERIES COST RECOVERY STANDING COMMITTEE

Meeting #39 – Final Minutes

|  |  |  |  |
| --- | --- | --- | --- |
| Meeting details: | Date: Thursday 20 August 2015  From: 10:00am to 3:00pm  **Location: Department of Economic Development, Room 15.8, 1 Spring Street, Melbourne, VIC.** | | |
| Members attending: | Ian Cartwright (Ind. Chair) | Gary Leonard (Industry) | Mark Edwards (DEDJTR) |
|  | Markus Nolle (Industry) | Geoff Ellis (industry) | Terry Truscott (DEDJTR) |
|  | Johnathon Davey (SIV) | Harry Peeters (Observer) | Ed Meggitt (Industry) |
| Apologies: |  |  |  |
| Executive Support: | Megan Njoroge (DEDJTR) |  |  |
|  |  |  |  |

|  |  |
| --- | --- |
| Advisors/observers: | Travis Dowling, Executive Director Fisheries  Ian Parks, A/Director Education & Enforcement  Allison Webb, Director, Fisheries Management & Science  Paul Shea, Manager, Fisheries Operations |

| **◆ 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 | 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. 2015 service schedules 2. Final report from 2014 including discussion on inspection data   *[break / lunch]*   1. Update on actions of fishery-specific forums and industry issues 2015 2. Next steps and timing | 11:00am  *12:30pm*  1:00pm | Megan Njoroge  All  Megan Njoroge  Ian Cartwright/FCRSC | Discussion  Discussion  Discussion  Discussion |
| 9 | ▲ | Other Business   * Abalone research contracting * WP/PPB cost recovery through the buyout | 2:15pm | Allison Webb  Mark Edwards |  |
| 10 | ▲ | Next Meeting | 2:55pm | Ian Cartwright | Noting |
| 11 | ▲ | Wrap Up & Close | 3:00pm | Ian Cartwright |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #39 – 20 August 2015

**1) Welcome**

The meeting commenced at 10.08am and the Chair welcomed the Committee.

The Chair re-enforced that observers are welcome to attend meetings to address particular strategic issues, noting that the role of FCRSC is to oversee the implementation of cost recovery at a high level. Fishery specific issues are best addressed directly with Fishery Managers or through written correspondence. The Chair noted that the regular attendance and valuable input provided by Ms Webb and Mr Parks was appreciated, and often requested by the Committee – hence the proposal that they be made permanent observers.

**OUTCOME:**

1.FCRSC supported making Ms Webb and Mr Parks permanent observers, and

2. FCRSC noted the Terms of Reference do not clearly specify the role of observers but in future would be updated to include that observers must provide issues for discussion prior to the meeting to allow the Committee to consider them in advance; and the Chair will notify the Committee if observer requests are received.

**2) Apologies and Guests:**

There were no apologies for the meeting.

Advisors: Mr Travis Dowling, Executive Director, Fisheries; Ms Allison Webb, Director, Fisheries Management & Science; Mr Ian Parks, A/Director, Education & Enforcement; and Mr Paul Shea, Manager, Fisheries Operations

**3) Acceptance of Agenda**

The Chair offered to consider changes to the agenda.

**OUTCOME:**

1. Additional items on GVP and the VAGO report were included under Other Business. The item on the VAGO report was withdrawn after Mr Edwards explained that the response to the VAGO report on complaints process was being undertaken as a centralised approach by the Department, not as an independent measure by Fisheries Victoria. It was noted that the Committee had received the appendix of the VAGO report on the complaints process and the Departmental response, in accordance with the action from FCRSC #38. Industry requested an indicative timeframe for the review of the complaints process.

2. FCRSC was advised the item on contractual arrangements would broad discussion on contracting arrangements rather than just abalone.

**ACTION:** DEDJTR to provide a timeframe for the review of the complaints process described in the VAGO report.

**4) Register of Interest**

**BACKGROUND**: At meeting #34 FCRSC agreed to circulate a Register of Interest template at the commencement of each meeting. The template was circulated for meeting #39.

**OUTCOME:** FCRSC members signed the document without updates.

**ACTION**: The Secretariat to file the original document with FCRSC papers for meeting #39.

**5) Previous Minutes**

**BACKGROUND**: Draft Minutes of FCRSC meeting #38 of 22 June 2015 were circulated to members on 1 July 2015 for comment by 15 July 2015. Comment was received from Mr Davey, Mr Edwards and Ms Webb.

**OUTCOME**: The Minutes from FCRSC #38 to be altered for the following items:

On page 10 “Central Zone” will be changed to “all abalone zones”.

On page 10 under Third Party contracting the timeframe will be changed from “TBA” to “Ongoing”.

On page 4 “should” to be changed to “will”.

The reference to ‘mis-representation’ to remain in the minutes despite a difference of view on the matter, acknowledging that further changes may be required to the schedules before being presented to FCRSC to be finalised.

**OUTCOME**:

1. The Minutes of FCRSC #38 minutes were accepted subject to the Secretariat to amending the three items described above and circulate for approval.

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

**BACKGROUND:**  Mr Bill Allan wrote to the Chair on 11 August 2015 about cost recovery issues and non-cost recovery issues. The issues were fishery specific; the Committee noted that a cost recovery forum for eels was due to be held on 28 August where Mr Allan and the Commercial Eel Fishery could raise his concerns with the relevant Fishery Manager.

**OUTCOME**: The Committee noted Mr Allan’s letter and the Chair agreed he would respond to Mr Allan on the matters of the nature and extent of services relevant under cost recovery but would refer other matters to the relevant departmental staff for discussion at the upcoming industry meeting for the eel fishery.

The Chair advised that he will write to the Minister with an update on progress from the meeting, identifying key issues.

**ACTIONS:**

1. The Chair to reply to Mr Allan ‘s letter regarding the eel fishery.
2. The Chair to write to the Minister with an update on progress from the meeting and circulate the letter to the Committee for comment within 3 days.

**7) Progress on Action Items from Meeting #38**

**BACKGROUND:**  Action items from Meeting #38 were identified as “Complete”, “Pending” or “Agenda Item”.

**OUTCOME:**

1. FCRSC noted progress on Meeting #38 Action Items and timeframes for outstanding items, noting some are due in 2016.

2. FCRSC noted that the Fisheries website is now live at [www.agriculture.vic.gov.au](http://www.agriculture.vic.gov.au) and cost recovery content is being updated, while schedules presented on the website are the initial 2014 schedules as 2015/16 schedules have not yet been fully discussed and confirmed.

3. Discussion on delivery of cost recoverable services was referred to Item 8b.

**ACTION:**  The Department to progress outstanding items from the Action Items list and report back at FCRSC Meeting #40.

**8) Items for discussion/noting**

***8(a)*  2015 draft Cost Recovery Service Schedules**

**BACKGROUND**: At FCRSC #38, FCRSC discussed amendments to the existing service schedules, including the addition and/or review of performance indicators (KPIs). KPIs were added to the schedules by the FCRSC Secretariat and circulated to FCRSC for comment prior to being sent out to industry. Comments were received from Mr Peeters. A summary of changes to the service schedules since 1 April 2014 is being provided for each fishery prior to the upcoming industry meetings. Examples of the 2014 Central Zone abalone and draft 2015/16 Western Zone abalone schedules

were provided at FCRSC #39 along with the summary of changes and minutes of the industry meeting for WZ abalone.

**OUTCOME:**

1. FCRSC noted the changes to the Western Zone abalone schedules for deliverables, costs and KPIs that had been made by the Secretariat so far.

2. FCRSC noted that feedback from industry meetings, FCRSC and Fisheries branches would be coordinated into the schedules and presented to the Committee prior to Meeting #40.

3. FCRSC noted that Fisheries Management and Science proposed a process to do further work on the KPIs.

4. FCRSC noted that the Department is evaluating the industry meetings and will report back at FCRSC meeting #40.

5. FCRSC noted that the Secretariat would be seeking from the Committee comments and proposed amendments to the draft schedules at Meeting #40.

6. FCRSC noted that Meeting #40 would be the deadline for finalising the schedules to allow for consequent amendment of Regulations and deliver and report against agreed services for 2015/16.

7. FCRSC noted that the schedules would then continue to apply in 2016/17 with any further amendments to be discussed at a fishery specific level and reported back to FCRSC for confirmation.

**ACTIONS:**

1. The Secretariat to remove ‘at sea’ from all aquaculture service schedules.

2. The Department to provide FCRSC with key issues and a summary of changes with each draft schedule prior to FCRSC Meeting #40, for discussion at the meeting.

**8(b) 2014-15 Final Report**

**BACKGROUND:**  At Meeting #38, FCRSC noted that the 2014-15 final report would be completed by the end of July pending input of inspection data. The completed report was emailed to the Committee on 8 August 2015.

A paper was tabled at the meeting that summarised the four Fishery Services for each fishery and the Department’s position on whether the service had been ‘delivered’, ‘not delivered’ or ‘not agreed’ for 2014-15.

**OUTCOME:**

1. FCRSC noted the Final Report for 2014/15, including predicted and actual inspection figures.

2. FCRSC discussed the services that were proposed by the Department as ‘not delivered’ and accepted all those proposed as “not delivered”. However, FCRSC noted that this document was tabled at the meeting and industry had not considered the document in detail, therefore there remains a need for FCRSC to consider how the offsets/waivers will be applied for the non-delivery.

3. FCRSC agreed to the following principles being used to assess the delivery of services as being delivered or not:

- Fit for purpose

- Timing of delivery

- Impact on fisheries management outcomes

- Level of service to fishery

4. FCRSC agreed to use the Abalone Central Zone example and up to 3 other examples to test the concept of “material under-delivery” using the agreed principles at FCRSC #40.

5. FCRSC noted that the Secretariat proposed assessment would be undertaken by exception rather than across all services to most effectively manage the volume of services to be assessed. Industry forums will collect additional feedback on the services to be assessed at FCRSC #40.

6. FCRSC acknowledged that to calculate the offset resulting from under delivery of a service, the percentage of service (and cost) not delivered would need to be defined.. FCRSC proposed four principles under which this could occur.

7. FCRSC noted that the replacement of ‘was at least 25% less than the level of that service on which the levy imposed in the prior licensing year was based’ in the Regulations is subject to FCRSC being able to make the alternative of ‘materially under delivered’ operable for the services delivered in 2014/15 and to sufficiently document the process for ongoing application. FCRSC would aim to have changes operable for 2016/17.

8. FCRSC agreed that, where consensus could not be reached through discussion with industry, the matter would be referred to FCRSC and then, if no agreement could be reached, the matter would be referred to the Minister.

9. FCRSC agreed that, in principle, assessment of service delivery should be audited periodically but there was no further discussion on the audit detail or process.

10. The Department noted that in its view inspection time and resources apply even if a vessel is not located and these costs would therefore not be eligible for an offset. It may be necessary to reduce the risk of non-locatable vessel inspections from occurring through alternative options such as VMS.

Industry’s view was that when such vessels could not be located this would constitute surveillance and not be considered under cost recovery.

11. FCRSC also noted that circumstances that changed the risk in a fishery that resulted in a reduced number of inspections this would constitute under delivery but when the risk resulted in a shift in inspections between ‘at sea’ to ‘on land’, or vice versa, these would be considered as one target for inspections of a particular fishery and would not constitute under-delivery.

12. FCRSC agreed that the Department and SIV would work together to progress a service charter across all services, not just those subject to cost recovery. For example, Fisheries will respond to industry correspondence within 20 days.

13. FCRSC noted that the increase in compliance services for some fisheries was necessary as part of the strategic approach taken by the Education and Enforcement branch to manage new and changing risks in a fishery within a licensing year. The result may require a necessary increase in inspections where intelligence and the assessed risk of non-compliance was observed but the additional inspections within that year would not result in any additional cost recovery levies associated with those additional inspections for that year , or any subsequent year.. The Committee also noted that it is anticipated that inspections for some fisheries will reduce due to high levels of compliance in those fisheries.

**ACTIONS:**

1. The Department to draft a procedure for assessing delivery of cost recoverable services, based on the discussion of this meeting, and to circulate for FCRSC #40.

2. The Department to compile a revised list of services “delivered”, “not delivered”, or “not agreed” for FCRSC Meeting #40 following the completion of industry meetings.

**8(c) Update from 2015 Cost Recovery industry meetings and forum action list**

**BACKGROUND:**  At Meeting #38, FCRSC agreed that issues raised in 2015 would be included in a revised forum actions list. A revised list was provided for this item, including issues raised at the first two industry meetings for 2015.

FCRSC noted that while the cost recovery forums had been valuable in the early stages of the prospective cost recovery system, alternative mechanisms to engage with the fishery manager may be available in subsequent years, particularly for the smaller fisheries.

**OUTCOMES:**

1. FCRSC noted the addition of action items to the list but that these were still in draft form.

2. FCRSC noted that the actions from the remaining industry meetings would be added and provided at FCRSC #40.

3. FCRSC noted that agreed actions will be reviewed by EDFV and Directors before they are distributed.

4. FCRSC agreed that forum attendees would only be provided with actions specific to their fishery, however, all actions will be available on the website at a later date.

**ACTIONS:**

1. The Secretariat to update the Actions List at the completion of all the industry meetings and circulate to the Committee prior to FCRSC Meeting #40.

2. DEDJTR to email the Fishery-specific Actions List to each licence holder who attended a meeting, noting the key actions.

3. DEDJTR to publish the complete set of Actions Lists on the Departmental website by 30 November 2015.

***8(d)* Next steps and timing**

**BACKGROUND:** The cost recovery system operates on the basis of a service schedule for each fishery. The service schedule is reported on quarterly and assessed annually as to whether services have been adequately delivered. The assessment of services delivered for 2014-15 needs to be finalised in the coming weeks to allow off-sets and/or adjustment to levies to be made for licence renewals in 2016-17. The revised services for 2015/16 will also influence levies. The timing to finalise service schedules for 2015-16 is critical as delivery of services and reporting on activity needs to occur to complete the annual process for 2015-16. It is now 5 months into the 2015-16 year.

**OUTCOMES:**

1. FCRSC agreed a process and timeframe for finalising the service schedules at Item 8a.

2. FCRSC agreed that the process for endorsing regulatory changes and levy amendments for 2016-17 will occur following the completion of industry meetings.

3. FCRSC agreed to hold the next meeting in mid-October to allow the Rock Lobster and Giant Crab industry meetings to take place before hand.

4. FCRSC agreed that while quarterly reporting had been necessary to give confidence to industry in the early stages, cost recovery reporting would be undertaken at six monthly intervals (April and October) as of 2015/16.

5. The Chair drew up an annual timeframe for the operation of the cost recovery system at full implementation which the Committee endorsed (attachment A).

**ACTIONS:**

1. DEDJTR to compile a list of all costing amendments following the completion of industry meetings for FCRSC#40 and to be applied in 2016/17.

2. The Secretariat to prepare the first half yearly reporting template for implementation from 1 October 2015.

**9) Other Business**

**Contracting**

FCRSC were informed that 8 months lead time is required to ensure contracts are signed in time to meet abalone survey timeframes.

FCRSC noted that the Department and AIC are in discussion about future arrangements for science service delivery, and further information will be provided to the Committee when these have progressed. The current end-date for the abalone contract is April 2016 and needs to be operational by November 2016.

FCRSC noted that the Alliance Agreement and National R, D & E Strategy do not require that rock lobster operation research can only be contracted from SARDI.

Mr Edwards advised that if industry choose to change current contracting arrangements to a direct purchase model for contracting research services there will be costs for developing standards and specifications to ensure departmental requirements are sufficiently met. A contracting and audit/monitoring process will also need to be agreed between industry and the department. The costs for these services would be recoverable.

**WP/PPB**

FCRSC noted that further information will be known by Meeting #40. Consistent with the principles of cost recovery and the Guidelines on the Operation of the Prospective Cost Recovery System, decreases in cost recovery are expected to occur as the proportion of commercial catch relative to recreational catch reduces in Port Phillip Bay. Industry commented that research and the majority of management costs for this fishery should be solely met by recreational fishers immediately and sought this be resolved in advance of FCRSC meeting #40.

**GVP**

FCRSC agreed that SIV would convene a meeting with the Department to discuss how current price data could be provided to better inform GVP calculations. This data would need to be available by the end of October to inform levy setting for 1 April 2016.

**ACTIONS**:

1. The Department to provide specifications and deliverables from the current abalone survey contract with an external provider in accordance with departmental provisions for the sharing of such information.

2. The ED SIV to work with Director Policy & Licensing to establish the working group.

**10) Next meeting**

**OUTCOME:** FCRSC Meeting #40 is scheduled for 14 October 2015 pending the meeting for Rock Lobster being held 5-7th October.

The meeting closed at 1.45pm.

**REMAINING ACTION ITEMS FROM FCRSC #38**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **ITEM** | | **ACTION** | **RESPONSIBILITY** | | **DUE DATE** |
| Correspondence | | | | | |
| **38-6** | | 1. The Department to adjust licence renewal letter to include clarity of dollar value based on quota owned. 2. The Department to remove levy calculator from web and cross check cost recovery levies across Regulations, spreadsheet and licence renewals. The Department to provide final levy model spreadsheet annually to FCRSC prior to the licensing year. | DEDJTR  DEDJTR | | 1 April 2016  Meeting #40 |
| Price data for calculating GVP | | | | | |
| **38-8(a)** | | 1. The Department and SIV to progress the establishment of a shared database for price data, particularly through access to wholesalers at the Melbourne Seafood Centre. | SIV/DEDJTR | | Meeting #40 |
| Industry meetings and revision of service schedules | | | | | |
| **38-8(c)** | | 1. Fisheries officers to attend industry meetings with Director FMS and fishery manager. 2. Policy staff to attend rock lobster and abalone meetings (and other meetings as agreed) with fishery manager. 3. The Department to provide original and revised service schedules prior to industry forums. | DEDJTR  DEDJTR  DEDJTR | | As per meeting schedule  As per meeting schedule  2 weeks prior to each meeting |
| Progress on actions from fishery specific forums and industry issues 2015 | | | | | |
| **38-8(d)** | 1. Secretariat to include industry issues raised in 2015 in the 2015 Cost Recovery Action List. | | DEDJTR | Meeting #40 | |
| Third Party contracting | | | | | |
| **38-8(e)** | | 1. The Department to develop a process and timeframe for review of contract arrangements for rock lobster and abalone research. | DEDJTR/Industry | | Pending |
| Other business | | | | | |
| **38-9** | | 1. The Department to provide available data on costs and FTEs for administration and catch and effort to allow industry to undertake an assessment of electronic reporting applications for Central Zone Abalone. | DEDJTR | | 16/7/2015 |

**ACTION ITEMS FROM FCRSC #39**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **ITEM** | | **ACTION** | **RESPONSIBILITY** | | **DUE DATE** |
| Acceptance of Agenda | | | | | |
| **39-3** | 1. .DEDJTR to provide a timeframe for the review of the complaints process described in the VAGO report. | | DEDJTR | Meeting #40 | |
| Register of interest | | | | | |
| **39-4** | | 1. The Secretariat will update the Register ready for meeting #39 and file the original with FCRSC papers. | DEDJTR | | Meeting #40 |
| Previous minutes | | | | | |
| **39-5** | | 1. The Secretariat to amend the Minutes of FCRSC #38 for the three items described above and circulate for approval. | DEDJTR | | Meeting #40 |
| Correspondence | | | | | |
| **39-6** | | 1. The Chair to reply to Mr Allan ‘s letter regarding the eel fishery. 2. The Chair to write to the Minister with an update on progress from the meeting and circulate the letter to the Committee for comment within 3 days. | Chair  Chair | | 28 August 2015  10 September 2015 |
| Previous actions | | | | | |
| **39-7** | | 1. The Department will progress outstanding items from the Action Items list (above) and report back at FCRSC#40. | DEDJTR | | FCRSC #40 |
| 2015 draft Cost Recovery Service Schedules | | | | | |
| **39-8(a)** | | 1. The Secretariat to remove ‘at sea’ from all aquaculture service schedules.  2. The Department to provide FCRSC with key issues and a summary of changes with each draft schedule prior to FCRS #40. | DEDJTR  DEDJTR | | Meeting #40  Meeting #40 |
| 2014-15 Final Report | | | | | |
| **39-8(b)** | | 1. The Department to draft a procedure for assessing delivery of cost recoverable services, based on the discussion of the meeting, and circulate for FCRSC #40.  2. The Department to compile a revised list of services delivered, not delivered, or not agreed for FCRSC #40 following the completion of industry meetings. | DEDJTR  DEDJTR | | FCRSC #40  FCRSC #40 |
| Update from 2015 Cost Recovery industry meetings and forum action list | | | | | |
| **39-8(c)** | | 1 The Secretariat to update the Actions List at the completion of all the industry meetings and circulate to the Committee prior to FCRSC #40.  2. The Department to email the actions list to each licence holder who attended meetings and include the key actions.  3. The Department to publish the complete set of actions lists on the website by 30 November 2015 | DEDJTR | | Meeting #40  30 October 2015  30 November 2015 |
| Next steps and timing | | | | | |
| **39-8(d)** | 1. The Department to compile a list of all costing amendments to be applied for 2016/17 pending the completion industry meetings.  2. The Department to prepare the first half yearly reporting template for implementation from 1 October 2015. | | DEDJTR  DEDJTR | FCRSC #40  30 October 2015 | |
| Other business | | | | | |
| **39-9** | | 1. The Department to advise what components of the existing contract for abalone surveys can be distributed to FCRSC and industry. 2. The ED SIV to work with Director Policy & Licensing to establish the working group, including its composition, terms of reference and work program aimed at reporting before FCRSC Meeting #40. | DEDJTR  SIV/DEDJTR | | Meeting #40  Meeting #40 |
| Next meeting | | | | | |
| **39-10** | | 1. FCRSC #40 is scheduled for 14 October 2015 pending the meeting for Rock Lobster being held 5-7th October. | Secretariat | | 14 October 2015 |

***Attachment A: Yearly Plan for the Prospective Cost Recovery System***

