**DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT & RESOURCES**

# FISHERIES COST RECOVERY STANDING COMMITTEE

Meeting #41 – Final Minutes

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| Meeting details: | Date: Monday 1 February 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) | Geoff Ellis (industry) | Terry Truscott (DEDJTR) |
|  |  | Gary Leonard (industry) | Johnathon Davey (SIV) |
| Apologies: | Ian Parks (DEDJTR) |  |  |
| Executive Support: | Megan Njoroge (DEDJTR) |  |  |
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| Advisors/observers: | Harry Peeters, Chair, SIV BoardAllison Webb, Director, Fisheries Management & ScienceBill Allan, eel fisherTrevor Allan, aquaculture producer  |

| **◆ 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* Letters to & from Minister
* Exemption to eel licences
 | 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. Offsets for 2016/17
2. 2016/17 Service schedules
3. Cost recovery reporting and indicators

*[break / lunch]*1. Evaluation of fishery-specific industry meetings 2015
2. Update of Cost Recovery Guidelines
3. FCRSC Review
4. FCRSC member positions
 | 11:00am*12:30pm*1:00pm |  | DecisionDecisionNotingDecisionDecisionNotingNoting |
| 9 | ▲ | Other Business* Mr Bill Allan and Mr Trevor Allan to attend
* WPPPB
 | 2:15pm |  |  |
| 10 | ▲ | Next Meeting  | 2:55pm | Ian Cartwright | Decision |
| 12 | ▲ | Wrap Up & Close | 3:00pm | Ian Cartwright |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #41 – 1 February 2016

**1) Welcome**

The meeting commenced at 10.05am. The Chair welcomed committee members and briefly noted the items to be discussed at the meeting and reminded the committee of the intention to reduce the number of meetings at full implementation of the cost recovery system to 2 per year.

**2) Apologies and Guests:**

Mr Parks was an apology for the meeting.

Mr Bill Allan and Mr Trevor Allan attended the meeting at 2pm.

The Chair noted it was useful to have the EDFV attend later in meetings to hear feedback from discussions directly from the committee.

**3) Acceptance of Agenda**

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

Mr Nolle requested that accounting for non-cost recoverable activities be added to Item 8a and contract management and procurement be added at Item 8e.

**OUTCOME:**

FCRSC noted the additional items and accepted the agenda.

**4) Register of Interest**

**BACKGROUND**: At meeting #34 FCRSC agreed to circulate a Register of Interest template at the commencement of each meeting. The Chair asked if members had additional interests to add to the register. Mr Nolle advised he has been elected to the Board of AVCZ.

**OUTCOME:** Members amended the Register as necessary before signing.

**5) Previous Minutes**

**BACKGROUND**: The draft Minutes of FCRSC #40 were circulated to members on 28 October 2015 for comment by 11 November 2015. Comment was received from Mr Davey and Mr Edwards. The Chair discussed comments with Mr Davey before confirming the draft Minutes. The draft Minutes were published on the website on 1 December 2015.

**OUTCOME:** FCRSC noted the sign off process had worked well for previous meetings and would continue as the preferred approach to confirming the draft minutes.

The Chair thanked Mr Davey for the time he put into reviewing and providing comments on FCRSC Minutes on behalf of industry.

**ACTIONS**:

1. Item 5 ‘and surveillance’ to be removed from the FCRSC Minutes #40 to more accurately indicate that only ‘definition of inspection’ had been requested of the Minister.
2. Minutes of FCRSC#40 to be published as ‘final’ at [www.agriculture.vic.gov.au](http://www.agriculture.vic.gov.au)
3. DEDJTR to provide Action Item from the previous meeting ie tables showing pre and post inspection compliance activity reduced to 5% for each fishery.

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

**BACKGROUND:** The Chair wrote to the Minister on 6 November 2015 raising matters of FCRSC workload, industry consultation, definition of inspection, WP/PPB and assessment of delivery and non-delivery of services.

The Chair received a reply from the Minister on 22 January 2016 thanking FCRSC for their work and providing advice on each of the matters raised by the Chair. The Chair noted that the Minister provides a detailed response on letters which hasn't always been the case previously.

**OUTCOME**:

1. The Committee noted the Minister had agreed the proposed process for assessing service delivery and finalising offsets for under delivered services as advised in the Chair’s letter.

2. The Committee noted that irrespective of under-delivery, the total amount paid by the abalone sector was 7.21% of GVP.

3. FCRSC noted Mr Edwards’ explanation that cost recovery levies go to the consolidated fund and funding comes to FV via appropriation and a section 29 provision.

4. The Committee noted the Minister endorsed the inclusion of time to find vessels for inspection as cost recoverable.

Industry objected to the inclusion of ‘finding vessels’ in the definition of an inspection. They believe this is surveillance and should not be cost recoverable. Industry believe this issue should be reconsidered.

5. The Committee noted the Minister endorsed the continuation of cost recovery in WP/PPB licence class based on the current principles but with no increase to recognise the cost of the revised catch limit and reporting regime. Industry expressed disappointment at the Minister’s response.

6. The Committee noted the Minister agreed to alter 23B to ‘material’ non-delivery of services from ‘not less than 25%’ subject to the alteration being implemented consistently. DEDJTR advised it was currently using ‘material’ in its cost recovery work and the term had been included in the package of regulatory amendments expected to be gazetted before 1 April 2016. DEDJTR noted that, by its nature, compliance activity would still be assessed as under-delivery when three quarters, or more, of planned inspections did not take place within the relevant licensing year.

7. DEDJTR advised FCRSC that an ‘exemption’ had been applied to the Aquaculture Crown Land Eels (CLE) licence class because most licence holders had informed DEDJTR they had not, and would not, fish on their CLE licence due to very dry conditions; this meant that some services were not required in 2015/16. FCRSC also noted that Research Services for the scallop (ocean) licence class would also not be recovered for 2016/17 and conceded that modelling used for setting TACC for the 3 abalone zones was not fit for purpose and exemption of levies would be considered. The Committee noted that revisions to services in abalone would not have a fiscal impact due to the manner in which royalties and cost recovery levies were applied to abalone. The committee noted that the royalty value still needs to be identified and reported to recognise its value to social licence in the abalone fisheries.

8. FCRSC noted that the minimum time for receiving papers and/or questions to be considered at FCRSC meetings was one week. FCRSC confirmed this timeframe was relevant to both departmental and industry initiated discussions and would be included in the FCRSC Guidelines.

10. FCRSC noted that the financial impact on the department is very different for non-delivered (offset applies but no associated staff cost for service) and under-delivered services (staff costs apply but are not recovered).

**ACTIONS:**

1. The Secretariat to circulate any future correspondence from the Minister to FCRSC promptly and as requested by the Chair as has been done previously.

2. DEDJTR to update the FCRSC Terms of Reference to reflect the minimum time required for consideration of items prior to meetings.

3. DEDJTR to update the cost recovery guidelines with Ministers decisions.

4. DEDJTR to report royalties and levies for abalone fisheries to FCRSC.

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

**BACKGROUND:**  Action items from FCRSC #40 were identified as “Complete” or “Agenda Item”. No items were identified as pending for this meeting although it was noted that for 2 items no action had proceeded due to no response from industry on the matter.

**OUTCOME:**

1. FCRSC noted the progress on actions from FCRSC #40.

**ACTION:**

No further actions were identified.

**8) Items for discussion/noting**

***8(a)*  Offsets for 2016/17**

**BACKGROUND**: At meeting #40, FCRSC was provided with the adjustments in levies that would be included in the regulatory amendments in 2016. FCRSC recalled that meeting #41 was the cut-off date for decisions on offsets for all fisheries except rock lobster, giant crab and sea urchin; 1 May is the cut-off date for offsets in these fisheries.

DEDJTR provided a summary of the proposed offsets and concessions that would be applied to licences at the time of issue of renewal notices. Additional offsets were included for administration services since meeting #40 and no further offsets were raised by industry.

**OUTCOME:**

1. FCRSC noted the offsets by service and fishery as provided by DEDJTR at meeting #40 and additional offsets that were later proposed for administration and abalone stock assessments.

2. FCRSC noted that offsets wouldn’t make any fiscal difference to levies for abalone fisheries but they were very important for other fisheries. Recognising and reporting on offsets and the reason for them was important to all fisheries.

3. FCRSC noted the licence classes where small operator concessions would apply in 2016/17 and confirmed that the basis on which a small operator concession would apply would continue as 500kg per fisher across the licence class averaged over the previous 3 years.

4. FCRSC considered how the impact of licence conditions (and perhaps other non-voluntary circumstances) could be addressed within the cost recovery system. Industry suggested that the ability to use different gear types within the same licence class resulted in differences in catch which should be reflected in levies. The department stated that if substantial difference in services resulted from different gear types within the same fishery class, further consideration of levies may be warranted.

5. FCRSC discussed providing incentives for adopting technology that would improve efficiency in Compliance Services. FCRSC noted a paper on this topic had previously been discussed for the purpose of considering compliance history for individual operators.

6. Industry raised a concern that the services in schedules were not delivered because effort by FTEs was expended on other fisheries or non-cost recoverable services. FV commented that FTE values were provided for delivery of the whole service and not for individual contributions.

7. FCRSC agreed that value for money should be a key principle for consideration in assessing service delivery. Industry noted that they wished to ensure value for money in assessing service delivery. Industry was also concerned that late reporting impacted on their confidence to assess whether services had been delivered. DEDJTR acknowledged the need for timely reporting and noted that delivery of the service, as set out in the schedule, was the key outcome and it could be delivered through various means eg other members of staff.

8. Industry raised concern regarding the tendering of research services and timeliness of responding to industry issues. The department advised that they have been working to a timeframe advised by the DEDJTR procurement team and the rock lobster research RFQ is expected to be issued by the end of February.

9. Industry requested that the timeframe for re-tendering abalone site surveys also be provided.

10. The department advised it will look into the research requirements for Gippsland Lakes and Corner Inlet, recognising there appears to be different standards for the two fisheries.

11. Industry raised concern that a fishery specific issue log has not been reported on by DEDJTR despite being identified as a KPI measure in the cost recovery report. Industry would like evidence that this occurs. DEDJTR committed to following this up.

12. FCRSC noted that the Minister had previously confirmed that time recording of staff activity would not be undertaken for cost recovery.

**ACTIONS:**

1. DEDJTR to provide previous paper on differential levying for Compliance Services.

2. DEDJTR to supply a table of cost recoverable and non-cost recoverable activities undertaken by the department for the rock lobster fishery.

3. FCRSC to raise any offsets for rock lobster, giant crab and sea urchin prior to 1 May 2016 for confirmation at FCRSC

#42.

1. DEDJTR to look into the research requirements for Gippsland Lakes and Corner Inlet.
2. DEDJTR to follow up on KPI to report on a fishery-specific issues log

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

**BACKGROUND:**  At FCRSC #40, FCRSC agreed steps to finalise service schedules for 2015/16. The schedules were finalised and circulated to FCRSC on 8 December 2015. It was also noted at the meeting that further revision of schedules would occur prior to 2016/17 service schedules being finalised.

A proposed timeline for finalising the 2016/17 service schedules was provided, with particular attention being drawn to the period of consultation with FCRSC, with the aim of having schedules available close to the commencement of the 2016/17 licensing year.

**OUTCOME:**

FCRSC noted the timeline of steps to be completed to finalise the 2016/17 schedules and activity undertaken to date. The Committee also noted that the approach was to simplify service schedules by differentiating between quota and non- quota fisheries in the first instance and add fishery specific services following this.

FCRSC members nominated to take part in individual conversations for specific fisheries prior to the revised schedules being circulated to the committee as a whole.

Nominations were:

Ed Meggitt – Aquaculture PL - Salmonids

Markus Nolle – Rock Lobster and Giant Crab

AIC – Abalone (all zones)

SIV – remaining fisheries as far as possible

DEDJTR agreed to mail the printed draft schedules and a summary of discussions to FCRSC.

The period for consultation was agreed to occur between 6-20 March with revised schedules to be circulated by 24 March for comment by FCRSC to be received by 4 April and a teleconference to be held later in the same week if required.

Approval by EDFV would be the final step before service schedules are published by April.

**ACTIONS:**

1. DEDJTR to finalise draft schedules by 29 February

2. DEDJTR and nominated FCRSC representatives to further develop schedules between 6-20 March

3. The Secretariat to circulate reviewed schedules to FCRSC for comment by 4 April.

4. DEDJTR to publish final 2016/17 service schedules by mid-April.

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

**BACKGROUND:**  At Meeting #40, FCRSC agreed that once the 2015/16 service schedules had been finalised, the corresponding template would be used for cost recovery reporting. DEDJTR agreed to circulate a mid-year report for 2015/16 by 24 December.

**OUTCOMES:**

1. FCRSC noted the example reports provided by the Secretariat did not represent a complete report for any of the fisheries included in the examples.

2. FCRSC commented on the format of the report including removal of the cost column, shifting of measures to the Key Performance Column (later withdrawn), re-labelling the ‘Measure’ column as ‘Performance’, and inclusion of the period to which the report applies within the header.

3. Industry suggested that a fishery specific newsletter provided by FV three times each year would be a practical way to include cost recovery information to each fishery (although not the primary focus of the newsletter).

**ACTIONS:**

1. DEDJTR to publish the 2015/16 Mid-year Report by 1 March 2016.

2. DEDJTR to publish the 2015/16 Final Report by 1 May 2016.

**8(d) Evaluation of fishery-specific industry meetings 2015**

**BACKGROUND:** At FCRSC #40, the committee noted the high cost and time demand that the 2015 industry meeting process had placed on DEDJTR, SIV and industry. DEDJTR agreed to prepare a paper evaluating the 2015 industry meeting process and proposing alternative options.

**OUTCOMES:**

FCRSC noted the high costs and considerable time demand as evidenced in the paper provided.

FCRSC agreed that a more efficient process was required and this was likely to occur through the use of existing industry forums and a mix of consultation processes.

Industry proposed that a letter be mailed with licence renewals specific to each fishery and containing a summary of offsets and contact details for the fishery manager.

FCRSC noted that a set of principles to guide the selection of approaches and to ensure equitable measures were taken to consult with all stakeholders would be developed for inclusion in the cost recovery guidelines and presented at the next meeting.

**ACTIONS:**

1. DEDJTR to develop the principles under which consultation on cost recoverable services and levies would be reviewed in conjunction with industry.

2. DEDJTR to include a letter with licence renewals that includes offsets, amended levies and contact details of the relevant fishery manager.

3. DEDJTR to work with FCRSC members to develop and document agreed process for consultation for 2016-17.

**8(e) 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.

A number of new items now need to be included in the Guidelines. It is an opportune time to again review the document and seek Ministerial endorsement so that the work of FCRSC is accurately reflected and accessible to stakeholders.

**OUTCOMES:**

1. FCRSC noted that the following items have decisions which need to be reflected in the Guidelines:

* Include release of contract information to attachment A and move attachment A into the body of the document
* Include new attachment A with yearly plan for cost recovery at full implementation
* Inspection activities that are recoverable
* Assessment of delivery of Fishery Services and finalisation of offsets
* Differential levying of Compliance Services
* Replace references to DEPI with DEDJTR
* Representation of women on FCRSC
* Cost recovery reporting
* Update to procurement requirement

Industry raised concern regarding the department's procurement process since transitioning to DEDJTR and the extent to which reporting obligations did not appear to have been met according to the Financial Management Act 1994. DEDJTR noted that procurement procedures were being followed based on internal advice.

A**CTIONS**:

1. DEDJTR to provide a draft with additional guidelines when circulating the Minutes for meeting #41 for comment by FCRSC within 2 weeks.

2. DEDJTR to amend the Guidelines for consideration by FCRSC at meeting #42.

**8(f) FCRSC Review**

**BACKGROUND:**

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

A questionnaire was posted to all members in December 2015 with a request to reply by 19 January 2016. Only 2 replies were received by the due date.

**OUTCOMES:**

Additional forms were handed out for completion by members at the meeting.

The committee agreed the Secretariat would include the additional information and report back at the next meeting

**ACTIONS:**

1. DEDJTR to collate all survey information and present the information as an agenda item for FCRSC #42.

**8(g) FCRSC member positions**

**BACKGROUND:**

FCRSC members are appointed by the Minister for Agriculture for an identified term. Current positions are due to expire on 29 June 2016 if they are not renewed.

**OUTCOMES:**

FCRSC noted Premier Andrews process to appoint new members required at least 50% females to government Boards and Committees but acknowledged the limited supply of suitable candidates within the commercial fishing sector. FCRSC agreed the Chair would raise this matter in his letter from meeting #41.

**ACTIONS:**

1. The Chair to advise the Minister of the limited number of suitable female candidates available for appointment to FCRSC, following the completion of the term of the current committee.

**9) Other Business**

a) ***Eel fisheries***

Discussion with eel fishery representatives on cost recovery matters commenced at 2pm when Mr Bill Allan and Mr Trevor Allan joined the meeting.

SIV had provided a set of questions covering four broad areas raised by eel fishers prior to the meeting. The three broad areas raised for discussion were:

* issuing of permits for access to eel waters;
* compliance activity in CLE waters; and
* comparison of administration in CLE and EFAL licences.

FCRSC discussed the matters raised and provided responses to the matters raised. DEDJTR committed to providing a response to the full set of questions following the meeting.

DEDJTR took a question on notice regarding the reason for 16 inspections being undertaken for the CLE fishery when only 3 licence holders were claimed to have been active.

The eel fishery guests left the meeting at 3pm at the conclusion of this item.

b) ***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 to be 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 committed to providing a response to the full set of questions following the meeting.

2. DEDJTR took a question on notice re inspections undertaken for 2014/15.

**11) Next meeting**

**OUTCOME:** FCRSC Meeting #42 was scheduled for 4 May 2016.

The meeting closed at 3.30pm.

**ACTION ITEMS FROM FCRSC #41**

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **ACTION** | **RESPONSIBILITY** | **DUE DATE** |
| Previous Minutes |
| **41-5** | 1. Item 5 ‘and surveillance’ to be removed from the FCRSC Minutes #40 to more accurately indicate that only ‘definition of inspection’ had been requested of the Minister.2. Minutes of FCRSC#40 to be published as ‘final’ at www.agriculture.vic.gov.au3. DEDJTR to provide Action Item from the previous meeting ie tables showing pre and post inspection compliance activity reduced to 5% for each fishery. | SecSecDEDJTR | CompletedCompletedFCRSC #42 |
| Correspondence |
| **41-6** | 1. The Secretariat to circulate any future correspondence from the Minister to FCRSC promptly and as requested by the Chair as has been done previously. 2. DEDJTR to update the FCRSC Terms of Reference to reflect the minimum time required for consideration of items prior to meetings.3. DEDJTR to update the cost recovery guidelines with Ministers decisions.4. DEDJTR to report royalties and levies for abalone fisheries to FCRSC. | SECDEDJTRDEDJTRDEDJTR | FCRSC #42FCRSC #42FCRSC #42DEDJTR #42 |
| Offsets for 2016/17 |
| **41-8a** |  1. DEDJTR to provide previous paper on differential levying for Compliance Services. 2. DEDJTR to supply a table of cost recoverable and non-cost recoverable activities undertaken by the department for the rock lobster fishery. 3. FCRSC to raise any offsets for rock lobster, giant crab and sea urchin prior to 1 May 2016 for confirmation at FCRSC #42.4. DEDJTR to look into the research requirements for Gippsland Lakes and Corner Inlet. | DEDJTRDEDJTRFCRSCDEDJTR | FCRSC #42FCRSC #42FCRSC #42FCRSC#42 |
| 2016/17 Service Schedules |
| **41-8b** | 1. DEDJTR to finalise draft schedules by 29 February 2. DEDJTR and nominated FCRSC representatives to further develop schedules between 6-20 March 3. The Secretariat to circulate reviewed schedules to FCRSC for comment by 4 April.4. DEDJTR to publish final 2016/17 service schedules by mid-April.  | DEDJTRDEDJTR/SIVSecDEDJTR | 29 February 201620 March 201623 March 201615 April 2016 |
| Cost recovery reporting and indicators |
| **41-8c** | 1. DEDJTR to publish the 2015/16 Mid-year Report by 1 March 2016. 2. DEDJTR to publish the 2015/16 Final Report by 1 May 2016. | DEDJTRDEDJTR | 1 March 20161 May 2016 |
| Evaluation of fishery-specific industry meetings 2015 |
| **41-8d** | 1. DEDJTR to develop the principles under which consultation on cost recoverable services and levies would be reviewed in conjunction with industry.2. DEDJTR to include a letter with licence renewals that includes offsets, amended levies and contact details of the relevant fishery manager.3. DEDJTR to work with FCRSC members to develop and document agreed process for consultation for 2016-17. | DEDJTRDEDJTRFCRSC | FCRSC #4216 March 20166-20 March 2016 |
| Update of Cost Recovery Guidelines |
| **41-8e** | 1. DEDJTR to provide a draft with additional guidelines when circulating the Minutes for meeting #41 for comment by FCRSC within 2 weeks.2. DEDJTR to amend the Guidelines for consideration by FCRSC at meeting #42. | DEDJTRDEDJTR | 9 February 2016FCRSC #42 |
| FCRSC Review |
| **41-8f** | 1. DEDJTR to collate all survey information and present the information as an agenda item for FCRSC #42.  | Sec | FCRSC#42 |
| FCRSC member positions |
| **41-8g** | 1. The Chair to advise the Minister of the limited number of suitable female candidates available for appointment to FCRSC, following the completion of the term of the current committee.  | Chair | 1 March 2016 |
| Other Business |
| **41-9** | 1. DEDJTR committed to providing a response to the full set of questions following the meeting.2. DEDJTR took a question on notice re inspections undertaken for 2014/15. | DEDJTRDEDJTR | 3 March 20163 March 2016 |
| Next meeting |
| **40-10** | FCRSC #42 is scheduled for 4 May 2016. | Secretariat | 4 May 2016 |