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

# FISHERIES COST RECOVERY STANDING COMMITTEE

Meeting #43 – FINAL Minutes

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| Meeting details: | Date: Tuesday 18 October 2016From: 10:00am to 2:30pm **Location: Department of Economic Development, Room 15.8, 1 Spring Street, Melbourne, VIC.** |
| Members attending: | Ian Cartwright (Ind. Chair) | Ed Meggitt (Industry) | Allison Webb (DEDJTR) |
|  | Pauline Nolle (Industry) | Belinda Wilson (Industry) | Narelle Hardiman (DEDJTR) |
|  |  |  |  |
| Apologies: | Johnathon Davey (SIV) |  |  |
| Executive Support: | Megan Njoroge (DEDJTR) |  |  |
|  |  |  |  |
| Advisors/observers: | Ian Parks (DEDJTR) Terry Truscott (DEDJTR) Malcolm Petrie (Industry) Roger Van Hilst (DEDJTR) Geoff Ellis (Industry)  |
| **◆ Paper provided 🞎 Paper to be Tabled at Meeting ▲Verbal Report** |
|  |  |  | TIME | WHO | ACTION |
|  |  | **FCRSC** |  |  |  |
| 1 | ▲ | Welcome and introductions | 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* Letter to Minister and response
* AIC letter
 | 10:25am | Ian Cartwright | Decision |
| 7 | ◆ | Progress on Action Items from previous meeting/s | 10:30am | Megan Njoroge | Noting |
|  |  | **ITEMS FOR DISCUSSION/NOTING** | Indicative |  |  |
| 8 | ◆🞎◆ ◆◆ | 1. Overview of FCRSC operations and documents
2. 2016/17 Service schedules

 *[break / lunch]*1. 2015/16 Cost recovery final report
2. Review of service delivery for 2015/16
3. Sunsetting Regulations
 | 11:15am11.30am*12:15pm*12:45pm1.00pm1.30pm |  | NotingDecisionDecisionDiscussionDiscussion |
| 9 | ▲ | Other Business | 2:15pm |  | Discussion |
| 12 | ▲ | Wrap Up & Close | 2:25pm | Ian Cartwright |  |

FISHERIES COST RECOVERY STANDING COMMITTEE

Draft Minutes

Meeting #43 – 18 October 2016

**1) Welcome**

The meeting commenced at 10.00am. The Chair welcomed new and continuing committee members, noting that there was considerable jargon used at meetings and that members should feel free to ask for explanations as required. The Chair indicated he preferred non-attributed minutes unless otherwise requested. He noted that FCRSC has an advisory role to the Minister for Agriculture and that where agreement could not be reached on a matter, he would include that advice in his letter to the Minister following each meeting.

FCRSC noted that early comments on minutes were preferred to ensure their accuracy. He also noted that Mr Davey had, on behalf of industry, provided comments on agenda items, including previous minutes. The Chair agreed to Mr Davey’s comments being part of the considerations at relevant agenda items.

The Chair reminded members that the Committee’s role was expertise based and should not be focussed on fishery specific matters unless they had broader implications for the application of cost recovery, for example, contestability was examined through Rock Lobster research services delivery.

The matter of lateness of papers was raised by industry but deferred for consideration at Item 7 on the Agenda.

The Chair gave a brief overview of his background formerly as a fisher and more recently as an independent broker between government and industry.

**2) Apologies and Guests:**

Mr Davey was an apology for the meeting.

Mr Ellis attended as an observer pending his formal appointment to FCRSC.

Mr Petrie, Mr Van Hilst and Dr Truscott attended the meeting as observers with prior permission from the Chair.

**3) Acceptance of Agenda**

**OUTCOME:** The Chair asked for any additions to the agenda. None was nominated.

**4) Register of Interest**

**BACKGROUND**: At meeting #34, FCRSC agreed to circulate a Register of Interest template at the commencement of each meeting. The Secretariat circulated the register at meeting #43 and interests were identified as necessary.

**OUTCOME:** Members present signed the Register.

**5) Previous Minutes**

**BACKGROUND**: The draft Minutes of FCRSC #42 were circulated to members along with meeting papers on 5 October 2016. Comments previously provided by Mr Davey were included where appropriate.

**OUTCOME:** Further comments received by email from Mr Davey on 18 October were added at Items 5 and 7. Apart from these additions, Mr Davey indicated his acceptance of the Minutes from FCRSC#42. Mr Davey’s comments that the rejection of time-recording and limited capacity to coordinate industry input into FCRSC Minutes were included and the Committee endorsed the minutes of FCRSC#42.

The desirability of early signoff of minutes was emphasized.

Industry raised concern that Action 41 8(a) was not reported on at meeting #42.

**ACTIONS**:

1. Secretariat to add Mr Davey’s comments to the Minutes of FCRSC#42 and publish on the web as FINAL.
2. It was agreed that Action 41 8(a) would be recorded at Agenda Item 7 of these Minutes.

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

**BACKGROUND:** The Chair wrote to the Minister on 2 June 2016 raising matters of offsets for 2017, tightening of the government procurement process, update of the ‘Guidelines for the operation of the prospective cost recovery system’, and recognising the contributions of the outgoing committee.

The Chair received a reply from the Minister on 8 August 2016 endorsing the Department’s approach to procurement and her intention to thank members who would not be continuing on the committee.

**OUTCOME**:

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

2. The Committee noted the letter from AIC (Abalone Industry Committee) to the Chair, which sought the introduction of electronic reporting. The matter was discussed.

3. FCRSC noted that the Rock Lobster sector was re-directing unspent research levies (achieved through contract savings) on a number of initiatives, including a data logger project, in place of receiving an offset on future levies.

4. Industry members indicated a strong desire to implement e-reporting (e-logbook) in the abalone fishery. It was suggested that interest would be variable in other fisheries. DEDJTR indicated it was considering electronic reporting amongst a suite of technology projects but that the rate of implementation would be dependent on funding being available. DEDJTR also noted it would focus on building a universal model rather than fishery specific ones when the project proceeds and that ongoing departmental support services would be required.

4. Industry noted that it would want some form of evaluation of the benefits/savings to be made from electronic reporting if it was going to pursue it as an industry initiated project.

5. FCRSC supported the introduction of electronic reporting through a universal model, despite funding and timeframes not being confirmed.

**ACTIONS:**

1. The Chair to reply to AIC advising that FCRSC has referred the matter to the Department.

**7) Progress on Action Items from Meeting #42**

**BACKGROUND:**  Action items from FCRSC #42 were identified as “Complete” or “Agenda Item”. Where items were identified as pending, they were discussed at this point in the meeting.

**OUTCOME:**

1. FCRSC noted the progress on actions from FCRSC #42.

2. FCRSC noted that the item on the matter of discrepancy in levies between Gippsland Lakes and Corner Inlet was still awaiting advice from DEDJTR.

3. Industry raised concern that some papers were provided too late to be able to provide feedback on behalf of stakeholders.

4. Industry raised concern about an Action Item from FCRSC#41 8(a) regarding the provision of a workplan for rock lobster management activities. The Minutes of FCRSC#42 show this matter was updated verbally at #42 with progress on the matter occurring out of session. (Refer Agenda paper for Item 7, FCRSC#42).

5. FCRSC noted that receipts for levy payments are available on request through a manual process but are not generated automatically from FILS.

6. The Secretariat explained that the analysis of grouping bait licences identified that little gain would be made and that subsidisation between licence classes would result. The paper also indicated that more could be gained from evaluating services than through grouping licence classes. Mr Davey’s comments by email requesting further analysis were noted.

**ACTIONS:**

1. DEDJTR to further pursue the matter of providing receipts for payment of levies, noting that SIV may write to the Minister on this matter if it is unhappy with the outcome.

2. DEDJTR and SIV to follow up on the matter of research in Gippsland lakes and Corner Inlet and provide out of session advice back to FCRSC as soon as possible.

3. DEDJTR to continue to provide tax receipts to those who request them until the Fisheries Integrated Licensing System (FILS) is upgraded to include the automatic generation of a receipt for payment.

4. DEDJTR to include the required FILS adjustment to the Fisheries IT project list as a high priority to be undertaken as funding permits.

3. SIV to nominate a further female candidate for appointment to FCRSC. No date was set.

4. DEDJTR to respond to comments from Mr Davey on the grouping of bait licences.

5. Action Item 41 8(a) to be recorded as complete.

**8) Items for discussion/noting**

**8(a) Overview of FCRSC operations and documentation**

**BACKGROUND:** FCRSC#43 was the first meeting of FCRSC since committee positions expired in June 2016.

**OUTCOMES:**

1. The committee, comprising a mix of previous and new members, was directed to the Terms of Reference and Guidelines for the operation of the prospective cost recovery system as key documents to assist with its operations and deliberations.

2. FCRSC also noted that considerable information on Victorian fisheries cost recovery and the FCRSC is available online at the Fisheries Victoria website.

3. FCRSC noted the loss of corporate memory from the committee following the departure of industry and departmental representatives. The Chair called upon members to apply their specialist knowledge to progress FCRSC deliberations and the development of the fisheries cost recovery process.

4. The support role of the Secretariat and the need to direct requests through the Chair was iterated.

**ACTIONS:**

1. The Secretariat to update the Terms of Reference to indicate that a minimum of three meetings per year is required, which may include teleconferences and electronic meetings.

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

**BACKGROUND:**  At FCRSC #41, FCRSC agreed steps to finalise service schedules for 2016/17. In March 2016, DEDJTR provided the Committee with templates for quota and non-quota based wildcatch fisheries and aquaculture. Discussions took place with representatives from SIV, the abalone and rock lobster sectors to endorse the proposed templates.

Examples of populated templates were provided to the Committee for discussion at FCRSC #42 with remaining fisheries to be provided to FCRSC by the end of May 2016, for publishing in early June 2016 on the web.

**OUTCOME:**

1. Examples of populated templates were provided to FCRSC for aquaculture and fish receiver licence classes prior to the meeting. Templates for remaining fisheries were tabled at the meeting for consideration.

2. Industry indicated it was not possible to discuss schedules on behalf of other fisheries and FCRSC noted that consultation on schedules would be required.

3. A new timeframe for finalising 2016/17 and 2017/18 schedules was agreed. DEDJTR undertook to provide the Secretariat with completed schedules by 18 November 2016.

4. FCRSC supported the Chair noting, that when he next wrote to the Minister, he would point out the apparent lack of departmental resources being applied to cost recovery matters.

5. FCRSC noted that the re-write of the schedules is reflecting the shift of focus of fisheries management from a few high profile fisheries, e.g. rock lobster and abalone, to be more inclusive of all fisheries. This would more accurately reflect the work identified in schedules but also would put demands on resources.

6. DEDJTR requested that further revision on the schedules for all three abalone zones occur at an appropriate time, preferably at the same time as the schedules for other fisheries were reviewed.

7. Industry members commented on the potential waste of resources when documents were not prepared and/or delivered in a timely manner.

8. Industry members proposed that schedules should undergo consultation with appropriate industry input and then be re-presented to FCRSC for endorsement.

9. FCRSC recognised that work to date by DEDJTR had resulted in some fundamental improvements in the schedules and the capacity for reporting on services in future.

10. A forward timetable was proposed so that 2018/19 schedules would be finalised in 2017.

11. FCRSC endorsed using existing management plans to aid in the preparation of the service schedules.

12. FCRSC requested that DEDJTR work with SIV to create a list of contacts that could distribute documents for comment within a set period before summarising comments received being re-presented to FCRSC for endorsement.

13. DEDJTR confirmed that once finalised, the new schedules for management and research services would be incorporated with existing compliance and administration services, and costings by FTE and operating would be updated.

14. FCRSC requested that the revised schedule of costs for Departmental FTEs be provided and a summary of cost increases and decreases be provided to FCRSC in February 2017, in advance of the 2017/18 licensing year.

**ACTIONS:**

1. DEDJTR to work with SIV to identify key representatives for distributing draft schedules for consultation.

2. FMS (DEDJTR Fisheries Management Services) to provide the Secretariat with 2016/17 service schedules by 18 November for compilation and distribution to the committee by end of November 2016 and to allow necessary regulatory amendments to occur in time for the 2017/18 licensing year.

3. DEDJTR and SIV to work together to coordinate consultation with industry on the 2016/17 and 2017/18 services schedules.

4. The Secretariat to compile the consultation issues and any corresponding amendments to levies required.

**8(c) Cost recovery final report 2015/16**

**BACKGROUND:**  The 2015/16 cost recovery mid-year report was published on the FV website on 4 March 2016. The end of year report was provided to FCRSC in advance of meeting #42 in May 2016. Following the conclusion of the education and enforcement year for 2015/16, inspection data was included in the 2015/16 Cost Recovery Final Report. The Final Report has been available online at the cost recovery reporting webpage since August 2016.

**OUTCOMES:**

1. FCRSC agreed that reporting over four years would be included in the CR report for years 3 and 4 to flag services of concern in year 3 and report the outcomes in year 4.

2. FCRSC supported that offsets for services not delivered over a four-year cycle could be applied in the same manner as if incurred in the normal annual cycle i.e. they could be provided as an offset to future levies or they could be re-directed to another relevant activity in the fishery, subject to agreement by a suitably authorised representative of the fishery.

3. It was noted that the new timetable for undertaking consultation and preparing schedules would require the final report to be available before a FCRSC meeting in mid-May. This would allow the offsets from non-delivered services from the previous year to be confirmed through the consultation process. The revised timetable for FCRSC meetings and key activities was agreed as follows:

**2017**

*1 April Licensing year commences for all fisheries except RL/GC/SU*

Mid-May **FCRSC Meeting 1**

 - draft schedules for 2018/19

 - final report for 2016/17

 - proposed offsets

 - sign off consultation process

May-June Consultation for 2018/19 schedules and 2016/17 offsets

*1 July Licensing year commences for RL/GC/SU*

July **FCRSC Meeting 2**

 - sign off 2018/19 schedules

October **FCRSC Meeting 3**

 - levy adjustments

 - 2017/18 mid-year report

 - sign off offsets

**ACTIONS:**

1. FCRSC and DEDJTR to follow the above timelines for meetings and undertaking actions.

**8(d) Amendments to levies for 2017/18**

**BACKGROUND:** Annual changes to levy values specified in Schedule 6 of the Fisheries (Fees, Royalties and Levies) Regulations are required.

**OUTCOMES:**

1. FCRSC considered the amendments provided on the summary table and noted that licence numbers, FTEs, revised inspection targets and review of services are the four areas where changes can give rise to amendments.

2. DEDJTR confirmed that the FTE cost base was developed on an average FTE for each service area, not by individual staff.

3. FCRSC noted that it was not the Committee’s prerogative to consider non-cost recoverable services.

4. FCRSC noted that consultation with representatives of each fishery was desirable before the committee signed off the offsets and amendments to levy values. FCRSC identified that SIV would be able to provide contact details of key representatives who could facilitate the required consultation. The consultation would occur in conjunction with interactions of fishery managers with key fishery representatives.

**ACTIONS**:

1. DEDJTR to finalise all changes to Schedule 6 of the Fisheries (Fees, Royalties and Levies) Regulations, including FTE cost base, inspection targets, and services identified in the revised service schedules.

2. DEDJTR to provide FCRSC with the final list of amendments to be included in the Fisheries (Fees, Royalties and Levies) Amendment Regulations 2017 and quantify the expected change.

**8(e) Review of sunsetting regulations**

**BACKGROUND:** Under the Subordinate Legislation Act, the Fisheries (Fees, Royalties and Levies) Regulations 2008 will sunset in January 2018.. DEDJTR has established a review process to consider the effectiveness of the regulations and the adjustments or alternative options available to improve their functionality.

DEDJTR requested FCRSC to provide initial thoughts on the matter prior to wider consultation with industry and the preparation of a Regulatory Impact Statement (RIS).

**OUTCOMES:**

1. The Chair identified some areas that could be considered in the review. These included options for a different funding model (e.g. % of GVP, government simply imposes costs to recover a specified % of total costs, reduction in complexity of the system, identifying why expectations of delivery had not been realised, technology improvements to create efficiency gains, steps to move towards co-management of fisheries).

2. FCRSC noted that the move to the VFA might impact on the cost recovery process, including the setting of levy values.

3. FCRSC noted that it was appropriate to send comments to the EDFV in advance of the RIS process.

4. FCRSC agreed that it was not appropriate for departmental representatives on the committee to contribute to feedback from industry.

**ACTIONS:**

1. The Chair to draft a letter to EDFV on issues for consideration in the review of the Regulations, with the draft response to be circulated to the Committee for comment prior to despatch of the letter. The letter would be sent by the Chair on behalf of himself only.

**9) Other Business**

Timeliness of Meeting Minutes

1. In order to improve the efficiency of the Committee, it was agreed that comments on meeting minutes would be provided within 10 business days of receiving them.

Written comments provided by Mr Davey

2. FCRSC sought more detail on the rationale of Mr Davey’s comments made by email on bait licence classes and on the apportionment of WP/PPB levies. The remainder of Mr Davey’s comments had been discussed at the appropriate Agenda Items in the meeting.

3. FCRSC noted that the calculation of the 86/14 apportionment for recreational/commercial levy allocation in WP/PPB undertaken by DEDJTR was based on the change in catch allocation across the fishery. Industry questioned whether changes other than catch need to be factored into the calculations eg time remaining in fishery.

**ACTIONS:**

1. DEDJTR to respond to the above matters raised by Mr Davey in his email of 18/10/16.

2. DEDJTR to seek the basis upon which Mr Davey proposed a 95/5 apportionment in WP/PPB in order to ascertain the most accurate basis for revision of levies to be applied at 1 April 2017.

**10) Next meeting**

**OUTCOME:** FCRSC Meeting #44 to be scheduled for May 2017.

The meeting closed at 2.30pm.

**ACTION ITEMS FROM FCRSC #42**

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **ACTION** | **RESPONSIBILITY** | **DUE DATE** |
| Previous Minutes |
| **43-5** | 1. Secretariat to add Mr Davey’s comments to the Minutes of FCRSC#42 and publish on the web as FINAL. 2. Sec to record Action 41 8(a) at Agenda Item 7 of the FCRSC #43 Minutes. .  | SecSec | 2 Nov 20162 Nov 2016 |
| Correspondence |
| **43-6** | 1. The Chair to reply to AIC advising FCRSC has referred the matter to the Department.  | Chair | 2 Nov 2016 |
| Progress on Action Items from FCRSC #42 |
| **43-7** | 1. DEDJTR to further pursue the matter of providing receipts for payment of levies, noting that SIV may write to the Minister on this matter if it is unhappy with the outcome.2. DEDJTR and SIV to follow up on the matter of research in Gippsland lakes and Corner Inlet and provide out of session advice back to FCRSC as soon as possible.3. DEDJTR to continue to provide tax receipts to those who request them until the Fisheries Integrated Licensing System (FILS) is upgraded to include the automatic generation of a receipt for payment.4. DEDJTR to include the required FILS adjustment to the Fisheries IT project list as a high priority to be undertaken as funding permits. 5. SIV to nominate a further female candidate for appointment to FCRSC.6. DEDJTR to respond to comments from Mr Davey on the grouping of bait licences.7. Action Item 41 8(a) to be recorded as complete. | DEDJTRDEDJTRDEDJTRDEDJTRSIVDEDJTRSec | FCRSC #4430 Nov 2016FCRSC#44FCRSC#44No date set30 Nov 201630 Nov 2016 |
| Overview of FCRSC operations and documentation  |
| **43-8a** | 1. The Secretariat to update the Terms of Reference to indicate that a minimum of three meetings per year is required, which may include teleconferences and electronic meetings. | Sec | FCRSC #44 |
| 2016/17 Service Schedules  |
| **43-8b** | 1. DEDJTR to work with SIV to identify key representatives for distributing draft schedules for consultation.2. FMS (DEDJTR Fisheries Management Services) to provide the Secretariat with 2016/17 service schedules by 18 November for compilation and distribution to the committee by end of November 2016 and to allow necessary regulatory amendments to occur in time for the 2017/18 licensing year. 3. DEDJTR and SIV to work together to coordinate consultation with industry on the 2016/17 and 2017/18 services schedules.4. The Secretariat to compile the consultation issues and any corresponding amendments to levies required.  | DEDJTRDEDJTRDEDJTRSec | 2 Nov 201618 Nov 201618 Nov 201630 Nov 2016 |
| Cost recovery final report 2015/16 |
| **43-8c** | 1. FCRSC and DEDJTR to follow the above timelines for meetings and undertaking actions. | DEDJTR | 31 Dec 2017 |
| 2015/16 Cost recovery final report |
| **43-8c** | 1. FCRSC and DEDJTR to follow the above timelines for meetings and undertaking actions. | FCRSC | 31 Dec 2017 |
| Amendments to levies for 2017/18 |
| **43-8d** | 1. DEDJTR to finalise all changes to schedule 6 of the Fisheries (Fees, Royalties and Levies) Regulations, including FTE cost base, inspection targets, and services identified in the revised service schedules. 2. DEDJTR to provide FCRSC with the final list of amendments to be included in the Fisheries (Fees, Royalties and Levies) Amendment Regulations 2017 and quantify the expected change. | DEDJTRDEDJTR | 30 Nov 201630 Jan 2017 |
| Review of sunsetting regulations  |
| **43-8e** | 1. The Chair to draft a letter to EDFV on issues for consideration in the review of the Regulations, with the draft response to be circulated to the Committee for comment prior to despatch of the letter. The letter would be sent by the Chair on behalf of himself only. | Chair | 31 Jan 2017 |
| Other Business |
| **43-9** | 1. DEDJTR to respond to the matters raised by Mr Davey in his email of 18/10/16.2. DEDJTR to seek the basis upon which Mr Davey proposed a 95/5 apportionment in WP/PPB to allow the most accurate basis for revision of levies to be applied. | DEDJTRDEDJTR | 15 Nov 20169 Nov 2016 |
| Next meeting |
| **43-10** | FCRSC #44 to be scheduled for May 2017. | Secretariat | November 2016 |