



# Chair Report Cost Recovery Implementation Committee (CRIC)

23 October 2024

Dear Stakeholders,

On Wednesday, 2 October 2024, the **Cost Recovery Implementation Committee (CRIC)** held its second meeting to discuss the following key topics:

- Benchmarking Terms of Reference (ToR) for science and compliance consultancies
- Cost Recovery Process for 2025-26

## **Benchmarking Terms of Reference**

The Committee engaged in an in-depth discussion about the benchmarking process and the methodologies that will be employed. The conversation revolved around how best to apply a risk-based approach to benchmarking science and compliance activities across the fisheries and aquaculture sectors, while also looking for opportunities to improve their cost effectiveness and efficiency.

The Committee prepared the Terms of Reference for the benchmarking of the science and compliance programs for fisheries and aquaculture.

The main points of discussion related to:

- **Risk-Based Approach:** Members emphasised that benchmarking should focus on risk profiles, particularly in terms of stock health, compliance risks, and cost of management. This included literature from other jurisdictions, with examples of how risk-based models have been successfully implemented.
- **Economic Viability:** Concerns were raised about the economic viability of certain fisheries, particularly those with low returns relative to management costs. It was noted that catching more does not always reduce costs, and in some cases, the more that is caught, the more it can cost to manage and regulate.
- **Science:** The Committee discussed the differences between models in use by research providers and the opportunity to ensure efficiency.
- **Compliance:** Examples within specific fisheries and sectors were used to convey PIRSA's compliance models and approach. The Committee explored the idea of incorporating new technologies, such as drones, to improve monitoring efficiency, especially in aquaculture where compliance is challenging due to the underwater nature of operations.

The Committee finalised the following Terms of References, which will be the basis of engaging consultants to deliver the benchmarking:

- Aquaculture Science Benchmarking
- Aquaculture Compliance Benchmarking
- Fisheries Science Benchmarking

- Fisheries Compliance Benchmarking

The Committee is in the process of liaising with appropriately qualified consultants to commence the benchmarking as soon as practicable.

### **Cost Recovery Process for 2025-26**

PIRSA raised with the Committee that the current cost recovery process usually starts in October/November, and due to the cost recovery review, the process will need to be on hold until the Committee comes to a consensus of what the new Cost Recovery process will look like compared to previous years, and the Government finalises its position.

To recognise the cost recovery review and the work being completed by the Committee, a variation of the current cost recovery process will likely be required to ensure available resources can respond to possible opportunities presented by the Committee to inform the 2025-26 cost recovery process and possibly costs if tangible benefits can be realised.

If the implementation of the new cost recovery process exceeds the anticipated tight timeframes, the CRIC is considering various scenarios, rolling over the current 2024-25 cost recovery costs with CPI increases for 2025-26 (excluding 2024-25 specific subsidies or variations). Another scenario being considered is focusing on achieving an earlier outcome for fisheries with a higher licence fee/catch value ratio. It is also possible that the CRIC work on compliance could be completed earlier than the science. PIRSA will prepare formal communications to Executive Officers detailing the 2025-26 cost recovery process, while SISA will liaise with industry to create awareness of the revised process and provide a general update of the progress of the CRIC to date.

### **Committee Next Steps**

The CRIC has agreed on several **key actions** to move forward as quickly as possible:

1. SISA will liaise with industry representatives and their sectors to communicate the upcoming 2025-26 cost recovery process and potential scenarios, and come to an agreement on the cost recovery process.
2. PIRSA will circulate the final Terms of Reference for the benchmarking of the science and compliance programs for fisheries and aquaculture.
3. PIRSA to have a draft of the single, consolidated Cost Recovery Implementation Statement (CRIS) prepared for discussion at the next CRIC meeting.
4. SISA will contact recommended consultants for their willingness, availability and estimated costs to undertake the benchmarking work.

The second meeting of the Cost Recovery Implementation Committee was positive and productive in finalising the benchmarking Terms of References. The Committee is on track and will continue to work closely with industry to develop equitable and efficient cost recovery mechanisms that align with modern practices and support the long-term viability of the sectors. I am also encouraged by the positive feedback from industry thus far.

The next CRIC meeting is scheduled for **7 November 2024**, and monthly meetings will continue.

For more information relating to the Independent Cost Recovery Review and the latest from the CRIC, including the Committee's terms of references, please visit the [PIRSA Fisheries and Aquaculture independent cost recovery review webpage](#).

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Sincerely,

Mr Brian Jeffriess

*CRIC Independent Chair*