

## **SOUTH AUSTRALIAN COMMERCIAL AQUACULTURE COST RECOVERY REVIEW INDEPENDENT COST RECOVERY REVIEW PANEL**

### **1. Background**

The South Australian Government introduced a Cost Recovery Policy, which the Department of Primary Industries and Regions (PIRSA) has been operating for approximately 20 years. The policy operates from the premise that South Australia's aquatic resources are owned by the State and managed by PIRSA on behalf of the South Australian community. Any costs associated with government services that arise as a direct result of commercial access to the resources, are recovered partly from commercial licence/lease holders through regulated licence/lease fees.

These services include, but are not limited to, management, policy, scientific monitoring and stock assessment, compliance and licensing. PIRSA established a cost recovery policy to enable consistent decision making on the appropriate recovery of costs of PIRSA's goods and services which is based on the Australian Government Cost Recovery Guidelines 2014.

In order to ensure the State's public aquatic resources are managed in a sustainable, efficient and cost-effective manner a review process was established under the PIRSA cost recovery policy, which is undertaken on a five-year cycle to ensure best practice arrangements are maintained. The PIRSA cost recovery policy has been independently reviewed by Deloitte in 2009 and 2015 and KPMG in 2018. These reviews have typically focused on incremental improvements to, or streamlining, the existing system of cost recovery, and hence on the process or mechanics of the system rather than its inherent economic logic and the model itself. Irrespective of the findings of the independent reviews and the recent improvements in the cost recovery process, there remains significant and increasing challenges with the current process.

In March 2022, the South Australian Minister for Primary Industries and Regional Development announced the Government's Election Commitment to undertake an independent cost recovery review of the current seafood sector cost recovery policy/model to ensure it is sustainable and appropriate.

Across Australia, there is significant variability in the cost recovery models used in the various jurisdictions, PIRSA currently use an activity-based cost recovery model. In order to address the Election Commitment, the Minister has established an Independent Cost Recovery

Review Panel to review PIRSA's current cost recovery arrangements. The Panel will comprise members with expertise in fisheries economics, management and commercial business practices. As part of this review, it will be necessary for the Panel to consider alternative cost recovery approaches that are fair and equitable and assess these against current arrangements. In undertaking the review, submissions will be invited from the aquaculture sector, other interested stakeholders, PIRSA and other relevant government agencies.

## 2. Independent Panel Members

Membership of the Independent Cost Recovery Review Panel comprises:

- Mr Brett McCallum – Chair and fisheries management and commercial business expertise
- Dr Sarah Jennings – Fisheries economic expertise
- Dr Sean Pascoe – Fisheries economic expertise

## 3. Purpose

To provide advice to the Minister on the most appropriate, fair and equitable cost recovery arrangements for the aquaculture sector in South Australia.

## 4. Scope

In developing its recommendations, the Independent Cost Recovery Review Panel is to:

- Consider existing government cost recovery policies in South Australia and other jurisdictions.
- Consider previous cost recovery review reports (i.e. Deloitte, KPMG), as well as the recently commissioned report by independent consultant SG Heilbron, to review the current economic logic, consistency and transparency of the current cost recovery policy framework in South Australia, paying particular attention to the different resources involved and varying risk levels.
- Consider the above reports and any business cases detailing alternative approaches for the aquaculture sector,
- Examine and report on the application of the current cost recovery process and policy in South Australia in relation to other jurisdictions for aquaculture,
- Examine, assess and, if appropriate, recommend alternative cost recovery processes and policies applied in other Australian jurisdictions and internationally, for
- aquaculture

Consider any other matters considered relevant by the Panel or the Minister.

In achieving this task, the Panel will be required to:

- Engage with PIRSA to identify the data, information, reports and policies necessary to undertake the review and analysis.
- If deemed necessary by the Panel, undertake consultation with technical experts familiar with cost recovery models used for aquaculture.
- Consult (online or face-to-face) with aquaculture sector, other relevant stakeholders and government agencies.

- Consider submissions invited from the aquaculture sector, other relevant stakeholders and government agencies.
- Explain and justify the recommended cost recovery approaches to the Minister in a written report and be available for discussion of the report recommendations.
- Maintain full records of all activities undertaken by the Panel.
- Individual Panel members may be required to undertake separate tasks and variable time commitments.

PIRSA will provide relevant background information, any additional relevant information requested by the Panel where such information exists, and access to PIRSA's files regarding relevant matters. PIRSA will also provide executive support and administrative services to assist with the deliberations of the Panel.

## **5. Reporting Relationship**

The Panel will report directly to the Minister.

## **6. Deliverables and Timeframe**

A draft report of the Panel is to be completed by 30 April 2023, subject to all necessary data and information being provided to the Panel in a timely manner.