

Terms of Reference

Benchmarking Exercise:

Provision of South Australian Rock Lobster Fishery Assessment & Monitoring Services

Background

The South Australian Research & Development Institute (**SARDI**) is the South Australian Government's research provider for statutory stock assessment and monitoring services for all South Australian fisheries, including the South Australian Rock Lobster fisheries.

The cost of these services, as required for the Rock Lobster fisheries, is met via annual fees collected from licence holders in each of the Northern and Southern Zone Rock Lobster fisheries.

The South Australian Rock Lobster Advisory Council Incorporated (**SARLAC**) has a membership comprising the South Australian Northern Zone Rock Lobster Fishermen's Association Incorporated (**SANZRLFA**) and the South Eastern Professional Fishermen's Association Incorporated (**SEPFA**). SANZRLFA and SEPFA have memberships comprising Rock Lobster fishermen from the Northern and Southern Zones, respectively.

SARLAC, at the direction of its members, is seeking to undertake a benchmarking exercise to determine whether SARDI is providing its stock assessment and monitoring services in an efficient and cost effective manner, as required under the *Fisheries Management Act 2007*.

SARLAC has engaged a professional accounting and financial services / consulting firm to assist with this review (**the Consultants**). The cost of the Consultants' services will be met by SARLAC.

Steering Committee

A Steering Committee has been established to oversee this review and comprises:

- Sean Sloan - PIRSA Fisheries & Aquaculture
- Professor Gavin Begg - SARDI Aquatic Sciences
- Kyri Toumazos - SANZRLFA & SARLAC
- Justin Phillips - SEPFA & SARLAC

Objectives

SARLAC seeks to review, by way of a benchmarking exercise, the base costs of SARDI in connection with stock assessment and monitoring services in the Northern and Southern Zone Rock Lobster fisheries to those of other research providers to determine whether SARDI is providing its stock assessment and monitoring services in an efficient and cost effective manner. Note this review does not cover the capability, expertise, day-to-day efficiency, history or risk management of service delivery.

Process

It is envisaged that this exercise will be carried out in the following manner:

1. SARDI will provide descriptions and breakdowns of the cost categories, by tasks and total FTE, relating to the stock assessment and monitoring program as set out in the Project Cost Summary Table included in the 2015-16 Service Level Agreement (**SLA**). Without limiting the foregoing, SARDI will:

- Confirm the type of costs comprising salaries; for example; salary, superannuation, payroll tax, work cover, etc. SARDI / PIRSA will provide PIRSA base salary rates and a description of categories comprising on-costs.
- Provide a description of the manner in which the costs are estimated; for example based on prior year costs, information provided by third parties, internal estimates, an allocation of a bundle of costs based on FTEs, a daily rate, etc.
- Provide an allocation of the various costs categories against the two fisheries and the three projects, being: Annual report on performance indicators, Puerulus monitoring and FIMS (we note that an allocation in aggregate is already provided).
- Explain what is meant by 'cost of capital' and provide an outline of the types of assets that contribute to depreciation.
- Quantify the in-kind costs as they relate to the Rock Lobster fisheries and provide a description as to how they are allocated to those fisheries (we note that the in-kind contribution is not quantified in the table in the final document).

The categories and level of detail in which this information is presented is intended to inform the manner in which the Consultants will seek costing estimates from alternative providers to ensure 'like' comparisons can be drawn.

This information is focussed on addressing benchmarking requirements at the 'program level' for South Australian Rock Lobster.

For the avoidance of doubt, SARDI's costs for provision of the stock assessment and monitoring services will not be provided in any form to other service providers as part of this process.

2. All information requests made by the Consultants are to be directed to Sean Sloan, Director PIRSA Fisheries and Aquaculture Policy.
3. The Steering Committee will develop and approve for distribution, a 'template' to be provided to an agreed list of research providers to provide their base costs (including salary, on-costs and overheads rates), as well as providing an indicative cost to deliver the current stock assessment and monitoring services performed by SARDI for the South Australian Rock Lobster fishery on a like basis.
4. The research providers approached by SARLAC will be advised as to the nature of the exercise being performed, particularly that this is a benchmarking exercise only and not an opportunity to tender for services i.e. the SA Rock Lobster industry is currently required to utilise SARDI for provision of stock assessment and monitoring services as the [mandated] Government provider, and SARLAC is investigating the cost-effectiveness of this service provision through this benchmarking exercise.

It is intended to ensure other research providers are not under the impression that this is an actual competitive tender and to enable them to make an informed decision regarding their participation.

5. The approved template will be circulated to other research providers by SARLAC. Circulation of the template and any other documentation will not occur without the consent of the Steering Committee.

6. The research providers to be approached as part of this exercise are yet to be formally agreed by the Steering Committee. Preliminary discussion indicates that these might include (but are not limited to):
 - a. UTAS / IMAS;
 - b. CSIRO;
 - c. ABARES;
 - d. NIWA;
 - e. University of Adelaide; and/or
 - f. Other State Government fishery management agencies in WA, NSW and Qld (Vic has been excluded given SARDI currently provides the same services for the Victorian Rock Lobster Industry).

Ministerial obligation under legislation, risk mitigation / minimisation and community perception may all be factors considered when gauging the 'suitability' of any possible research provider to be approached.

7. Information from any participating research providers will be addressed to SARLAC and circulated between the members of the Steering Committee prior to being provided to the Consultants.
8. The Consultants will address a report of their findings (**the Consultants' Report**) to SARLAC. SARLAC will share the Consultants' Report with the Steering Committee.
9. As the entity funding the preparation of the Consultants' Report, SARLAC will retain proprietary interest in the Report.
10. SARLAC reserves its rights as to any 'next steps' which may arise from this exercise and the findings in the Consultants' Report.