

PIRSA Policy

GO P 014

PIRSA COST RECOVERY POLICY

This policy establishes principles that enable PIRSA to make consistent decisions on the appropriate recovery of the costs of PIRSA's goods and services.

Document Control

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1. TITLE

PIRSA Cost Recovery Policy GO P 014.

2. POLICY STATEMENT

This policy establishes principles that enable PIRSA to make consistent decisions on the appropriate recovery of the cost of PIRSA goods and services.

3. PURPOSE

The policy will improve the consistency, transparency and accountability of existing and future cost recovery arrangements, assist in establishing the appropriate levels of service delivery, and promote the efficient and equitable allocation of resources.

Used appropriately, cost recovery improves the efficiency with which government products and services are produced and consumed by transmitting an important message to users or their customers about the cost of resources involved.

It improves equity by ensuring that those who use and benefit from government products and services, or who create the need for regulation, bear the costs.

4. SCOPE

This policy should be used when PIRSA is:

- proposing a new cost recovery arrangement
- amending existing cost recovery arrangements, or
- reviewing cost recovery arrangements in line with a PIRSA-initiated periodic review or as otherwise required.

For the purposes of this policy, 'cost recovery' broadly encompasses fees and charges related to the provision of government goods and services (including regulatory and information services) to the private and other non-government sectors of the economy.

This includes regulatory activities such as aquaculture leases and licences, commercial fishing licenses, food safety accreditation, animal health disease control programs and information services (including some scientific and technical services) provided from SARDI and Rural Solutions SA as detailed in Principles 3,4,5,6 and 10 below.

Specifically excluded from cost recovery are PIRSA services required for public policy development, and advice to Ministers and the Government of South Australia.

Other arrangements excluded for the purposes of the policy include:

- charging arrangements in competitive or potentially competitive markets that comply with competitive neutrality principles (e.g. commercial research)
- resource rents
- receipts from asset sales, rental of property and royalties, including the sale of rights to access resources
- fines, pecuniary penalties and prosecution services
- charges relating to non-Government of South Australia partnerships
- statutory marketing levies
- grants.

5. OBJECTIVES

The objectives of this policy are to:

- ensure that PIRSA Executive Directors assess the provision of goods and services by their division in accordance with this policy
- provide a framework for consistent, transparent and accountable assessment of appropriate cost recovery arrangements for PIRSA goods and services
- provide a mechanism to review existing cost recovery arrangements to ensure they meet the requirements of this policy
- implement cost recovery arrangements across PIRSA, where it is identified that the cost of goods and services should be recovered under this policy and Ministerial approval has been gained.

6. POLICY DETAILS

This policy adopts the following 11 key principles adapted from the Australian Government Cost Recovery Guidelines (2005) and (2014), and Australian Productivity Commission Reports on Cost Recovery (2001).

The principles should be read together and do not stand alone. The principles do not automatically affect existing policy, where for example cost sharing arrangements have been entered into - either with industry or government agencies.

Principle 1 – When to apply cost recovery

PIRSA divisions should set charges to recover all the costs of products or services where it is efficient to do so, with partial cost recovery to apply only where new arrangements are phased in, where there are government endorsed community service obligations or for explicit government policy purposes.

Appropriate cost recovery can contribute to resources across the economy being applied in their most productive use and so contributing to broader community wellbeing through: instilling cost consciousness among PIRSA and users of PIRSA services; and ensuring those who use regulated products or request additional information bear the costs.

PIRSA's services to industry are not free and will be recovered where there are clear beneficiaries. Where individuals or enterprises are being serviced, this should occur on a fee for service basis.

As a general principle, full cost recovery should be the aim; however when providing information services there may be circumstances where only avoidable costs or marginal costs are recovered.

When determining the full cost of providing a service, that cost should include:

- *all direct costs such as labour, goods and services*
- *indirect costs (corporate and other overheads), including corporate services, divisional management and support, insurance, information technology and administration services and premises*
- *equipment and other infrastructure use based on the depreciation of assets, and*
- *borrowing or financing costs of capital.*

Charges should be based on efficient costs where appropriate. This may require benchmarking against similar activities undertaken by government, both domestically and overseas – particularly where charges are high, generate significant amounts of revenue, or impose significant costs on regulated businesses.

Costing methods should seek to avoid volatility in charging – consideration should be given to smoothing fluctuating cost items (including transitional costs).

Cross-subsidies should be avoided when structuring charges, unless there is an explicit decision of the government to cross subsidise – for example, in order to pursue equity or social policy objectives.

Principle 2 – When cost recovery is not appropriate

Cost recovery should not be applied where it is not cost effective, where it is inconsistent with government policy objectives, or where it would unduly stifle competition or industry innovation.

If the cost of administering a licence, permit or service fee is high when compared to revenue collected, cost recovery should not be pursued or alternatively, industry levies may be implemented.

Trivial amounts may not be cost effective to charge for, if the cost of collection exceeds the chargeable amount for the service.

There are a number of instances where the principle of full cost recovery may not be appropriate and hence the price may not reflect full cost recovery where:

- *users cannot be readily identified (as is often the case with 'public goods' such as environmental services), however, there may be good reasons to apply the full cost of regulation to a group of users in these cases*
- *financially disadvantaged groups have no capacity to pay (equity considerations)*
- *Commonwealth expenditures are involved*
- *legislation specifically prevents charging for the good or service, or*

- *government policy stipulates against, or is inconsistent with, the recovery of full costs (e.g. pricing regimes reflected in corporate or policy charters, recreational fishing, specified industry development programs).*

Cost recovery of regulatory or information services may affect firm decisions on market entry or on the nature of products to be produced. Potentially undesirable impacts associated with cost recovery on reduced competition or on innovation such as through reduced product offerings will be considered in assessing the case for cost recovery.

Principle 3 – Cost reflective pricing

Any charges should reflect the costs of providing the product or service and should generally be imposed on a fee-for-service basis or, where efficient, as a levy.

Cost reflective pricing should be used for cost recovery programs.

A fee charges individual firms or consumers for particular activities, while a levy is imposed across a group of firms or consumers.

For regulatory activities such as issuing exclusive rights and permits, or registration and approvals (where there is little potential for free riders) cost recovery through fees charged to those receiving these rights may be appropriate. However, where there is potential for significant free riding, or for activities such as monitoring ongoing compliance with regulations, a group based levy may be a more appropriate cost recovery mechanism.

For information services, fees may be appropriate for services that don't have either public good or spillover benefits associated with them. However, where there are public good characteristics and the beneficiaries are a relatively narrow, identifiable group such as an industry or consumer group, a levy may be appropriate.

More detailed advice on the structure of charges – i.e. when to apply levies, fees or taxpayer funding- can be found in the Australian Government Cost Recovery Guidelines (2005) and (2014) and Australian Productivity Commission Reports on Cost Recovery (2001).

Principle 4 – Legal authority for cost recovery

PIRSA should ensure that all cost recovery arrangements have clear legal authority for the imposition of charges.

Regulated fees require subordinate legislation and/or requirements for fees directed through legislation. Unregulated fees require approval by an appropriate authority and information services will be subject to an agreement between the purchaser and PIRSA.

Principle 5 – Costs related to provision of product or services

Costs that are not related or integral to the provision of products or services (e.g. some policy and parliamentary servicing functions) should not be recovered. Regulatory activities should generally include administration costs when determining appropriate charges.

The cost of services to government such as advice to Ministers and criminal prosecution costs or Freedom of Information costs should not be considered in cost recovery. These services to government include (but are not necessarily limited to) parliamentary briefings, cabinet submissions, ministerial briefings and fundamental development and review of government policies – including regulatory and information services. Whereas business services and records management costs should be included.

This principle should be read in conjunction with principle one, in that costs should only be recovered where it is efficient to do so. Overhead or corporate costs incidental to the provision of products or services can be considered, as long as they can reasonably be attributed to the provision of the product or service. However, costs too far removed from the activity should not be charged.

Principle 6 – Cost recovery on activity basis

Where possible, cost recovery should be undertaken on an activity or activity group basis. Cost recovery targets on a PIRSA wide basis will not be pursued, consistent with the requirements enunciated in the Australian Government Cost Recovery Guidelines (2005) and (2014).

Activity based costing or costing based on definable groups of activities should be used in developing costing models (e.g. individual biosecurity tasks outlined for a particular industry group could be bundled together when costing).

Activities with similar objectives or characteristics may be grouped for cost recovery purposes to lessen the administrative burden on PIRSA and stakeholders. For example, when determining fees the costs associated with the services provided such as research and compliance may be grouped to form the final fee for efficiency reasons.

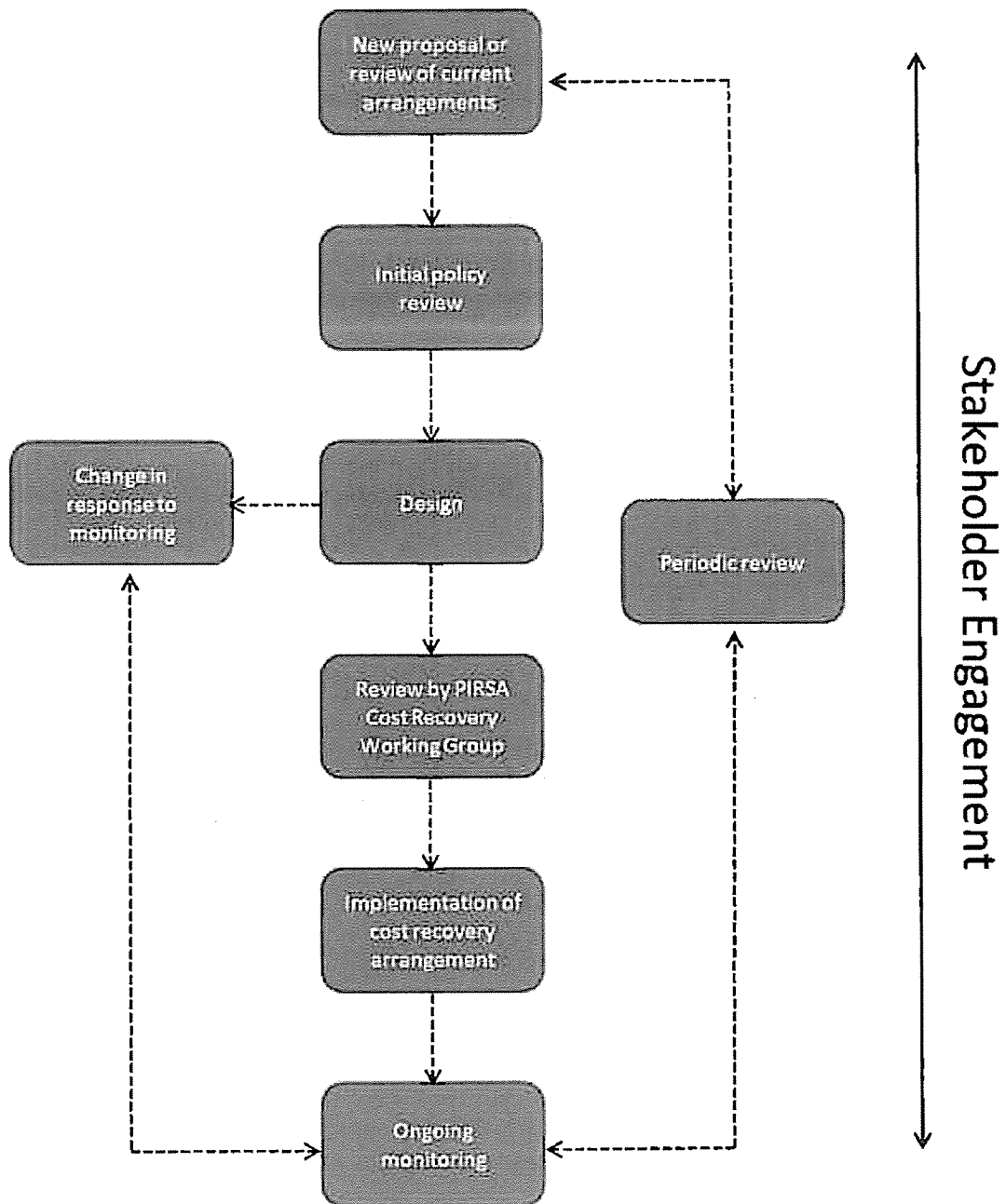
Principle 7 – Key stages of cost recovery

The PIRSA approach to cost recovery recognises the key stages of:

- policy review
- design, implementation and engagement
- documenting and gaining approval for cost recovery arrangements
- ongoing monitoring
- periodic review.

Integrating these stages provides a systematic process for the ongoing design and review of cost recovery arrangements (see [Figure 1: Process for Assessing Cost Recovery](#)). An internal PIRSA Cost Recovery Working Group will assist PIRSA divisions in the design of programs to ensure consistency with the cost recovery policy.

FIGURE 1: PROCESS FOR ASSESSING COST RECOVERY



Principle 8 – Cost recovery guidelines

Extensive economic analysis by the Australian Productivity Commission (2001) provides a robust policy framework from which PIRSA can operate.

The guidance provided in these Australian Productivity Commission guidelines follows a relatively simple decision making sequence, with a flowchart approach to guiding through critical decision points. The key questions to be answered through this process include:

Initial policy review

- *Which of PIRSA objectives are relevant to the activities or products being considered for cost recovery?*
- *Should cost recovery be introduced?*
- *What mechanisms, including consultation, should be used for ongoing monitoring of the efficiency and effectiveness of cost recovery arrangements?*
- *How long (not more than five years) before the cost recovery arrangements should be reviewed again?*

Design

If cost recovery is appropriate:

- *Who should pay cost recovery charges?*
- *Should cost recovery charges be imposed using fees or levies?*
- *What are the legal requirements for the imposition of charges?*
- *Which issues should any legislation address?*
- *Which costs should the charges include?*
- *How should charges be structured?*
- *How should costs be calculated and allocated?*

All new methodologies or proposed significant reviews of cost recovery will be provided to the PIRSA Cost Recovery Working Group to ensure consistency.

Principle 9 – Compliance with Government of South Australia approval requirements

To apply the guidelines, PIRSA will document and gain approval for cost recovery arrangements in a manner consistent with Government of South Australia legislative and policy requirements.

Cabinet approval processes include addressing economic, financial and budgetary implications, required resources (SA Department of Treasury and Finance costing comments), and regional impact statements on the community and the environment. Further details can be found in Cabinet Guide Number 5 - Premier and Cabinet Circular 19: Preparing Cabinet Submissions (Note: this hyperlink accessible by SA Government agencies only) and Treasurer's Instruction 17: Guidelines for the Evaluation of Public Sector Initiatives.

PIRSA will comply with the guideline for the adjustment of fees and charges that is annually issued by the SA Department of Treasury and Finance.

Principle 10 – Transparency and accountability

Cost recovery arrangements will be decided through engaging with relevant parties.

Engagement with stakeholders is an important part of the cost recovery process. Those who will pay for an activity will have an interest in initial policy review and design of cost recovery arrangements and ensuring that charges are based on efficient practices.

PIRSA will utilise the Government of South Australia Better Together: Principles of Engagement in all stages of cost recovery (see Principle 7), including with peak industry bodies, other relevant stakeholders and government agencies.

PIRSA will document analyses conducted in initial policy review and design stages (see Principle 8) and make information available to interested stakeholders through the PIRSA website. Cost recovery charges should be simple to understand. Where practical the basis for charges should be transparent to stakeholders without compromising administrative efficiency or cost effectiveness.

PIRSA will also make publicly available service level delivery and cost performance information relevant to monitoring and reviewing cost recovery arrangements (see Principle 11 below) on the PIRSA website.

PIRSA will also make publicly available service level delivery and cost performance information relevant to monitoring and reviewing cost recovery arrangements (see [Principle 11](#) below) on the PIRSA website.

Decision makers should be made aware of stakeholder engagement conducted, and views expressed, before approving new or amended cost recovery charges. Effective engagement should provide government with an understanding of the likely stakeholder reaction to proposals under consideration.

Principle 11 – Monitor and review

PIRSA will periodically monitor and review all significant cost recovery arrangements.

There is a need to review the level of service delivery and costing models on a regular basis to keep up with change as costs alter over time. For various reasons industry service requirements may change over time and this may result in PIRSA not providing those services or providing them at a different level.

Costs will be monitored on an annual basis and altered according to market and SA Department of Treasury and Finance requirements. Cost recovery arrangements will be reviewed every five years or as directed by the Minister. All major reviews are to be referred to the PIRSA Cost Recovery Working Group for consideration to ensure consistency with this policy.

7. ROLES AND RESPONSIBILITIES

| Party / Parties | Roles and responsibilities |
|-----------------------------------|--|
| Chief Executive | <ul style="list-style-type: none">• Approving the policy. |
| Executive Directors | <ul style="list-style-type: none">• Applying the policy to divisional programs.• Providing policy advice and assistance, including interpreting policy requirements. |
| PIRSA Cost Recovery Working Group | <ul style="list-style-type: none">• Checking consistency across PIRSA divisions for new cost recovery proposals and changes in proposals to ensure alignment with this policy.• Providing assistance to PIRSA divisions on cost recovery methodology. |

| Party / Parties | Roles and responsibilities |
|--|---|
| | <ul style="list-style-type: none"> Providing assistance to PIRSA divisions in their understanding of and ability to apply the key principles of this policy for all products and services within scope. Providing advice to PIRSA Executive on progress and potential improvements to the policy. |
| Chair, PIRSA Cost Recovery Working Group | <ul style="list-style-type: none"> Ongoing management of the policy (including feedback, review, document and records management requirements, updating policy versions and removal of revoked policies). |

8. MONITORING, EVALUATION AND REVIEW

The PIRSA Cost Recovery Working Group will review the policy every three years.

The policy will be maintained by the Chair of the PIRSA Cost Recovery Working Group.

9. DEFINITIONS AND ABBREVIATIONS

| Term | Meaning |
|-------------------------|--|
| Avoidable cost | Those costs that would be avoided if an operation were suspended or closed down and the supply of an output, good, service or activity were ceased. |
| Cost recovery charge | <p>Modes by which PIRSA recovers costs for some of the products and services provided. Cost recovery charges fall into two broad categories:</p> <ul style="list-style-type: none"> fees for goods and services levies or group based charges. |
| Cost reflective pricing | Involves calculation of the cost of outputs adjusted for any competitive advantages and disadvantages due to government ownership and setting a price for the output using the competitively neutral cost as a starting point. |
| Direct costs | Costs which are solely consumed by the activity to which they are attributed, e.g. labour, materials and capital used to produce the goods and services or administer regulation. |

| Term | Meaning |
|------------------------------|---|
| Economic efficiency | Contributing to community well being by ensuring resources across the economy are directed to their most productive uses (allocative efficiency) and ensuring outputs are produced at least cost (technical efficiency). Under conditions of market failure, the characteristics of a market are such that its unfettered operation may not lead to the most efficient outcome possible (see also ' <u>Public good</u> ' and ' <u>Spillover</u> '). |
| Fee for service | <p>A fee for service has three main elements:</p> <ul style="list-style-type: none"> • an identifiable service • rendered to the person paying • the fee charged is related to the cost of providing the service to the user group (program) as a whole. <p>A 'user group' in the case of the Plant Health Market Access and Certification Program for example, would be food importers or exporters. Audit services charged by Plant Health Operations to individual businesses would be an example of a fee for service.</p> |
| Fully distributed cost (FDC) | Involves allocating the total costs incurred by an agency in producing an output, good, service or activity. This includes all direct costs, indirect costs and overheads. |
| Incremental cost | The increase in costs attributable to the production of a particular type of product, which could include capital or overhead costs - sometimes used as a proxy for the marginal cost of producing an additional unit of that product. |
| Indirect costs | Costs which are not able to be directly allocated to a particular activity (also known as overheads), e.g. financial services, human resources, IT services, records management services, including capital consumed in these activities. |
| Information activities | Activities involved in collecting, compiling and disseminating information or any other activity of a non-regulatory nature (see also ' <u>Regulatory activities</u> '). |
| Marginal cost | Increase in costs attributable to the production of an additional unit of a good or service. |

| Term | Meaning |
|-----------------------|--|
| Public good | A good or service where provision for one person means the good or service is available to all people at no additional cost. Public goods are said to be non-rival and non-excludable. These goods are unlikely to be provided to a sufficient extent by the private market. |
| Regulatory activities | Activities involved in administering regulations (see also ' Information activities '). |
| Spillover | A situation where a decision to produce or consume has positive or negative welfare consequences for those not party to the decision. |

10. ASSOCIATED DOCUMENTS

- [Australian Government Department of Finance \(2014\), Australian Government Cost Recovery Guidelines, Resource Management Guide No. 304, July 2014 – Third edition](#)

11. REFERENCES

- [Australian Productivity Commission 2001, Cost Recovery by Government Agencies, Report No.15, AusInfo, Canberra](#)
- [Government of South Australia Better Together: Principles of Engagement](#)
- [SA Department of Premier and Cabinet, SA Government Competitive Neutrality Policy and Implementation Guidelines website](#)
- [South Australian Department of Premier and Cabinet, 2014, Cabinet Guide Number 5 - Premier and Cabinet Circular 19 : Preparing Cabinet Submissions](#) **Note:** this hyperlink accessible by SA Government agencies only
- [South Australian Department of Treasury and Finance, 2014, Treasurer's Instruction 17 - Guidelines for the Evaluation of Public Sector Initiatives Parts A and B](#)
- [South Australian Department of Treasury and Finance Sustainable Budget Commission 2010, Sustainable Budget Commission Phase 1 and 2 Reports](#)

Appendix 3

Policy for the Co-management of Fisheries in South Australia

OCTOBER 2013



POLICY FOR THE CO-MANAGEMENT OF FISHERIES IN SOUTH AUSTRALIA

Information current as of October 2013

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1. TITLE

Policy for the Co-management of Fisheries in South Australia.

2. POLICY STATEMENT

The role of the South Australian Government, as custodian of the State's aquatic resources, on behalf of the broader community and future generations, is to ensure that they are protected, managed and used in a manner that is consistent with the principles of ecologically sustainable development (ESD), in pursuit of the objects of the *Fisheries Management Act 2007* (Refer **Appendix 1**).

This policy has been developed to provide an overarching framework to promote further co-management of fisheries in South Australia and is designed to further the objective outlined in Section 7.1(e) of the *Fisheries Management Act 2007* (the Act), which states that "the participation of users of the aquatic resources of the State, and of the community more generally, in the management of fisheries is to be encouraged". This policy is also consistent with the Fisheries Council function outlined under Section 16(c) of the Act "to promote the co-management of fisheries".

This policy proposes that implementation of a preferred co-management model should be through a phased approach that allows industry and key stakeholders to build their capacity over time and allows for a government audit process to measure performance and success.

3. POLICY DETAILS

3.1 Introduction

The Department of Primary Industries and Regions, South Australia (PIRSA) has managed fisheries in partnership and in consultation with the fishing industry and other key stakeholders for many years, with the aim of achieving better fisheries management outcomes. The consultative co-management approach adopted in South Australia was largely driven through Fisheries Management Committee (FMC) processes, as required under the former *Fisheries Act 1982*. This consultative co-management approach engaged industry and key stakeholders and achieved good outcomes for South Australian fisheries but did not always prevent conflicts between government, the industry and/or other key stakeholders. The global experience is similar and it has become evident that a collaborative environment, making better use of collective knowledge and experience, is one means whereby many fishery challenges might be better addressed (Sen and Nielson 1996; Pomeroy and Berkes 1997; Jentoff, McCay and Wilson 1998; Noble 2000; Townsend, Shotton and Uchida 2008).

It is now well recognised that in order to achieve the best economic, environmental and social outcomes from a fishery, fishery managers and scientists must interact regularly with commercial, recreational and traditional fishers and with other key stakeholders and members of the community that use or have an interest in fisheries resources and the ecosystems upon which they depend and involve such groups in the fishery management process (Sen and Nielson 1996; Pomeroy and Berkes 1997; Jentoff, McCay and Wilson 1998; Noble 2000; Townsend, Shotton and Uchida 2008). Such interactions lead to improved relationships between fishery managers and key stakeholders, as well as improved relationships between the key stakeholders themselves (Hollamby et al., 2010).

Better use of incentives, such as increasing the responsibility of industry (including, where appropriate, through formal delegation of appropriate functions currently undertaken by government), has been shown to positively influence fisher behaviour, industry and stakeholder stewardship, reduce government red tape

(e.g. in the Spencer Gulf Prawn Fishery) and improved fishery management outcomes (Jentoff 1989; Hollamby et al., 2010).

To ensure the term “co-management” described in this policy is properly understood it is important to outline how it works in practice. Co-management exists on a continuum that begins with information exchange through consultation, develops into collaboration between managers, industry and key stakeholders and can, under the right conditions, progress to sharing responsibilities and formal delegation of management functions (Neville et al., 2008).

Put simply, fisheries co-management operates across a wide spectrum, starting from centralised government regulation with no industry input at one end to more autonomous management by industry groups and key stakeholders at the other, where government plays more of an audit role. Co-management is designed to achieve efficient regulatory practice (among many other things) and is by no means a way of industry or other key stakeholders getting away from regulatory scrutiny and influence.

In the context of the co-management continuum described above, this policy aims to establish clear guideposts and criteria, from which government, industry and other key stakeholders can evaluate the costs and benefits and overall readiness of an industry or key stakeholder organisation to move from one stage of the co-management continuum to the next. This staged approach is designed to provide clarity to all stakeholders involved and to instill confidence in the broader community that co-management activities are being undertaken in a responsible and well-considered approach.

Some of the advantages of co-management that this policy aims to capture include: enhanced ownership over decision making processes and fishery management outcomes from industry and key stakeholders, which encourages responsible fishing; greater sensitivity to local socio-economic and ecological constraints; improved management through use of local knowledge; collective ownership by user groups in decision making; increased compliance with regulations through peer pressure; and better monitoring, control and surveillance by fishers.

This policy recognises that co-management is likely to work best where conflict between stakeholders is minimal or robust mechanisms to deal with conflict are in place; a sound industry/stakeholder organisation is in place; stocks are stable or are improving; and, in the case of commercial fisheries, the industries are profitable. In situations where the reverse is true, even well-established consultation arrangements can be tested, especially when hard decisions have to be taken about costs and catch levels. As co-management builds trust and joint responsibilities it can help both the industry, government and other key stakeholders to get through difficult times together.

Finally, this policy is consistent with broader State natural resource management goals and will assist with practical achievement of these goals. These vision and goals of the *South Australian Natural Resources Management Plan (2012-2017)* are:

Vision: We care for the land, water, air and sea that sustain us.

Goal 1: People taking responsibility for natural resources and making informed decisions.

Goal 2: Sustainable management and productive use of land, water, air and sea.

Goal 3: Improved condition and resilience of natural systems.

3.2 Co-management Defined

The national co-management initiative established by the Fisheries Research and Development Corporation (FRDC) in 2006 developed a working national definition for co-management in the fisheries context (Neville et al., 2008). Following this definition, essentially, co-management is an arrangement where responsibilities and obligations for sustainable fisheries management are negotiated, shared or delegated between government, the commercial fishing industry, recreational fishers, Aboriginal and Traditional fishers and other key stakeholders such as conservation groups (Neville et al., 2008). Co-

management can cover a range of management models from consultative to collaborative or delegated decision-making (see Figure 1).

This policy draws a distinction between fisheries co-management and other alternative approaches such as 'community-based fisheries management'. In this sense, the co-management approach outlined in this policy will apply to South Australian fisheries defined in regulations and/or operating under a formal management plan. Whilst the principles of co-management can be applied in many ways to many different fishery management scenarios, this policy is not intended to replace other existing 'community-based fisheries management' activities that are already occurring in South Australia. For example, the processes that are being developed to implement Indigenous Land Use Agreements (ILUAs) to assist community-based fisheries management with Aboriginal communities in South Australia will continue as community based fisheries management activities.

Developing co-management arrangements beyond the straight consultative model has increasingly been discussed as a means of moving from centralised government decision making to greater industry and stakeholder collaboration on decision-making, sharing of responsibility/accountability and delegation of authority (Jentoff 1989; Pomeroy and Berkes, 1989; Noble 1999; Neville et al., 2008).

In South Australia, the majority of fisheries are managed in the consultative phase of co-management. However, some fisheries, for example the Spencer Gulf Prawn Fishery, are managed in the collaborative phase, particularly in relation to the 'real-time' management of the fishery (Hollamby et al., 2008).

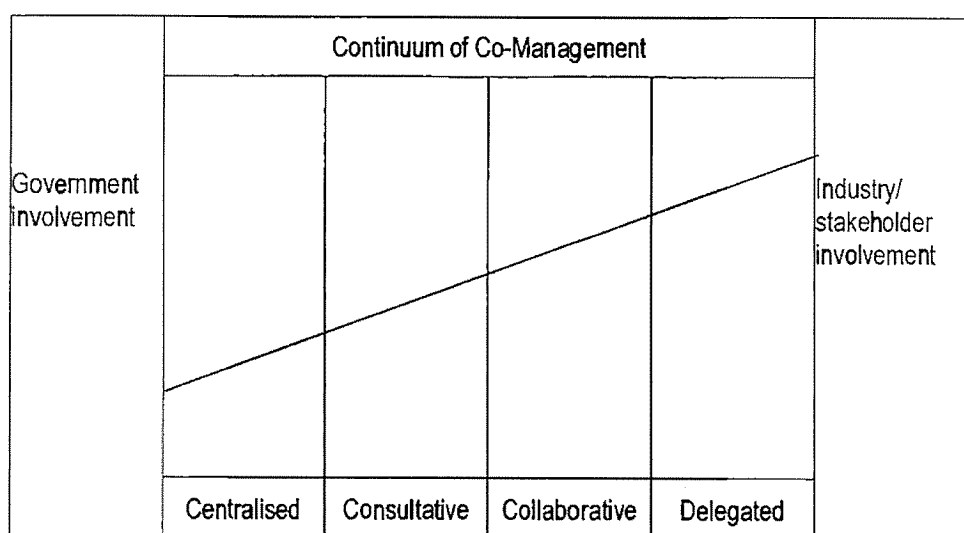


Figure 1. The continuum of co-management showing the four broad stages of co-management and the level of government/industry/stakeholder involvement at each stage of management (Neville et al., 2008; modified from Pomeroy and Berkes 1997).

3.2.1 Centralised fisheries management

Centralised fisheries management exists when government administers fisheries legislation and takes full responsibility for making decisions on fisheries management with limited consultation with fishers and other stakeholders.

3.2.2 Consultative Co-management

Consultative co-management exists when government administers fisheries legislation and makes decisions on fisheries management through consultative processes with input from fishers and other key stakeholders, where fisheries management decisions are discussed and debated through stakeholder

based fisheries management committees, or some other similar mechanism. However, the majority of management decisions are still made by the government management agency.

3.2.3 Collaborative Co-management

Collaborative co-management exists when government administers fisheries legislation but decisions are made on fisheries management through a close and collaborative working relationship with fishers and key stakeholders. Under a collaborative co-management approach, some responsibilities for decision making are negotiated and shared between government, fishers and key stakeholders.

3.2.4 Delegated Co-management

Delegated co-management exists when government establishes a formal agreement, enabled by legislation (i.e. through provisions of the *Fisheries Management Act 2007*) with an organised fishing body or association to delegate certain well defined management responsibilities to the organisation under specified conditions. Under this arrangement, the government authority takes on a less active day to day management role and adopts more of an audit role.

3.3 Stakeholders Defined

The concept of co-management is not restricted to the commercial fishing sector, as all sectors (commercial, recreational, indigenous and conservation), as well as the wider community, have an interest in the sustainability of our fisheries resources and how they are managed. In nearly all cases, co-management needs to consider the interests of all key stakeholder groups.

The sometimes complex issues around resource allocation and access require resolution to address the interests of

- recreational anglers who want to be able to catch a fish;
- commercial fishers who want to earn a living;
- Aboriginal communities that have cultural and traditional connections and interests in fishing;
- conservation interests who support sustainable fishing practices;
- seafood consumers who wish to avail themselves of the opportunity to purchase fresh, locally caught fish; and
- those in the community who gain some satisfaction and sense of good resource governance from just knowing fisheries resources are unharmed also need to be considered.

3.4 Guiding Principles

This policy identifies that implementation of a preferred co-management model be through a phased approach that allows industry and key stakeholders to build their capacity over time and, where necessary, allows for development of a government audit process to measure and ensure performance and success.

In support of this policy objective, the development and implementation of co-management in South Australia's fisheries will be based upon the following guiding principles:

- a) acknowledgement that PIRSA's role is to manage fisheries resources and fishing practices consistent with the principles of ecologically sustainable development, as required by the *Fisheries Management Act 2007*, on behalf of all South Australians and in a way that instills confidence with the South Australian community, and which results in improvements in sustainable management of fisheries;
- b) acknowledgement that industry's role is to manage their business in a way that both meets their needs and obligations;

- c) any move towards greater co-management needs to facilitate an acceptance of change from traditional approaches and attitudes, which is underpinned by a strengthened partnership approach between government, industry and key stakeholder groups and an explicit acceptance of the uncertainties involved in fisheries management and the objectives of fisheries legislation, which require a precautionary approach to management (refer to section 5 in Appendix 1);
- d) there must be mutual trust and respect established between industry, PIRSA and relevant key stakeholders and third parties, and this needs to include a respect for the best available science, as good clear advice is essential to support decision-making; it also needs to embrace a willingness to progress co-management in a constructive and positive manner;
- e) any move towards greater co-management needs to be of benefit to industry, PIRSA and the community as a whole. This means that a simple assessment of the costs and benefits should be undertaken when deciding on a move to greater co-management;
- f) activities undertaken to increase co-management need to be cost-effective and balanced against the efficient and transparent delivery of services and PIRSA's duties as required by legislation. . This means that the costs of co-management should not outweigh the benefits and the overall process should not become so time consuming, for any party, that it leads to inefficient delivery of services to industry and relevant key stakeholders;
- g) activities undertaken in line with this policy should aim to increase the accuracy, timeliness and transparency of information for decision-making. This implies that involving stakeholders more directly in the co-management of fisheries will improve the breadth of information available in decision making and allow key stakeholders to have input to the decision making processes, which collectively should help to deliver improved outcomes;
- h) any functions undertaken in line with this policy come with formal accountability for industry and other stakeholder groups. This means that if decision making responsibility is to be shared, then accountability and responsibility for the decisions that are made must also be shared, by all stakeholders that are involved;
- i) this policy acknowledges that the activities undertaken by an industry/stakeholder organisation must be resourced adequately and processes need to be established to ensure resourcing is sufficient to facilitate co-management and are appropriate to the scale of the fishery. PIRSA has established a process to support industry associations to promote co-management activities;
- j) this policy acknowledges that one size does not fit all and that the pace of implementation of greater co-management will be different between fisheries. This recognises that fisheries are at varying stages of development and that while some fisheries are well positioned to move to greater co-management, others are not, particularly in relation to the strength and capacity that exists within the industry or stakeholder organisation. Therefore, this policy is not prescriptive in terms of which approach should be applied to particular fishery scenarios. Rather, this policy establishes a set of pre-conditions that should be achieved prior to moving between the broad phases of co-management identified in the policy; and
- k) appropriate levels of stakeholder input and engagement needs to occur in the co-management process.

3.5 Broad Aims of Co-management

To complement the guiding principles, the overall aim of co-management, in accordance with this policy, is to deliver the following improvements:

- a) a fundamental change towards a strengthened partnership approach based on shared responsibilities and shared accountabilities between government, industry and stakeholders for implementing sustainable management;

- b) a more transparent and efficient cost structure, and more efficient delivery of services and functions;
- c) potentially, but not necessarily, lower costs of management;
- d) improved trust and goodwill and working relationships among parties;
- e) more flexible and adaptive management processes;
- f) greater scrutiny of legislative frameworks and regulatory controls;
- g) opportunity to enhance the public perception of fishers;
- h) opportunity for building capacity and skills of industry and other relevant stakeholders in managing a fishery; and
- i) greater ability to innovate and respond to industry development needs across the different fishing sectors.

The following sections of the policy provide clear guidelines for how a South Australian fishery, that is defined in regulations and/or operating under a formal management plan, can move along the co-management continuum, from centralised management decision-making, to consultative, collaborative and delegated co-management.

3.6 Moving from Centralised to Consultative Co-management

In South Australia, very few fisheries (commercial, recreational or traditional Aboriginal) are currently managed through a centralised government approach. Most fisheries are managed through consultative arrangements involving the industry sector and/or the other relevant key stakeholders groups.

Those fisheries which could be considered to be managed under a more centralised approach to government management decision making are some small-scale commercial fisheries operating under Ministerial exemptions, exploratory or developmental arrangements and include some miscellaneous fisheries.

When a fishery makes the transition from the exploratory stage, through the developmental stage, to become a more formally managed fishery, consultative arrangements are generally established with key industry stakeholder groups to support longer term fisheries management. Such arrangements are designed, and resourced, to match the scale and nature of the fishery being managed.

The following minimum conditions must exist and be ongoing for PIRSA to engage with industry/stakeholder organisations in consultative co-management:

- a) there is a representative, incorporated and financially secure industry/stakeholder organisation with a sound governance structure; and
- b) there is active leadership in the industry/stakeholder organisation (e.g. one or two individuals at the executive officer/president level in an industry organisation) providing a capacity to constructively engage with government authorities.

3.7 Moving from Consultative to Collaborative Co-management

Most South Australian fisheries currently operate within consultative co-management arrangements, through established fishing industry association bodies for each major fishing sector. In recognition of this fact, the following preconditions are proposed as a basis for initial discussion between PIRSA and industry,

prior to considering progress from consultative arrangements towards more collaborative co-management in a fishery:

- a) there is active leadership in the industry (e.g. one or two individuals at the executive officer/president level in an industry organisation);
- b) there is a representative, incorporated and demonstrably financially secure industry/stakeholder organisation with a sound governance structure, including an independent chairperson, an executive officer and appropriate stakeholder involvement;
- c) resources must be available for industry/stakeholder organisations to engage in activities and functions. This means that the industry/stakeholder organisation must demonstrate its capacity to take on greater management responsibility;
- d) recognition by PIRSA and industry/stakeholder organisations that co-management arrangements must contain mechanisms for monitoring and auditing;
- e) a risk assessment should be undertaken in relation to all co-management functions to ensure all potential risks associated with moving towards more collaborative co-management are considered and appropriately managed;
- f) recognition that all parties will need to demonstrate flexibility in the development of co-management arrangements because issues need to be worked through carefully and thoroughly. This acknowledges that some issues may arise that are not anticipated and for which there is no simple resolution. It requires that all parties need to be prepared to work through issues constructively and cooperatively when/if they arise; and
- g) there exists minimal conflict with other stakeholder groups, and/or clear mechanisms or demonstrated capacity to address conflict.

3.8 Moving from Collaborative to Delegated Co-management

Section 10 of the *Fisheries Management Act 2007* provides for Ministerial powers of the Act to be delegated to other entities to facilitate co-management, in certain circumstances when a demonstrated track record of collaboration and trust exists between government and industry. Under this policy, in order to progress from collaborative arrangements to delegated co-management in a fishery, the previous pre-conditions outlined in section 3.4 will apply. In addition, the following pre-conditions are also proposed as a basis for initial discussion between PIRSA and industry/stakeholder organisations, prior to considering a move towards further delegated co-management:

- a) development of government performance audit processes for all delegated functions, to be managed by PIRSA and funded by industry;
- b) refinement of any existing management plans to improve audit capacity, including establishing clearly defined sustainability criteria as part of harvest strategies, in the form of target and limit reference points, linked to rules for decision making. PIRSA to lead this process in association with the Fisheries Council of South Australia, the relevant industry organisation and other stakeholders;
- c) development of criteria and processes for any proposed contracting of scientific services;
- d) development of standards and criteria for conducting stock assessment, including surveys, data analysis and reporting;
- e) maintaining the integrity of data collection, including provisions where relevant for independent scientific observers during surveys;

- f) development of criteria and process for quality assurance of data verification;
- g) a strategy should be developed in relevant fisheries to build capacity for industry -based scientific observers;
- h) building industry/stakeholder capacity; and
- i) a conflict resolution process should be developed, which may include independent facilitation or involvement of the Fisheries Council.

3.9 Functions which might be considered for delegation

There are a number of functions which could potentially be undertaken by industry/stakeholder organisations and other stakeholder groups in the following areas, where the requirements of this policy are met. These functions could include:

- a) some fisheries administration functions (e.g. administrative licensing functions);
- b) some surveillance activities;
- c) research and development;
- d) scientific monitoring and assessment;
- e) some operational management decision making, consistent with established management plans and harvest strategies; and
- f) communication and extension.

3.10 Functions that will stay with Government/PIRSA

Co-management is not a process for the government to delegate its responsibilities for core functions to non-government entities. There are a number of functions that will always remain the responsibility of government as follows:

- a) government policy development;
- b) Management plan development (and review), including setting biological economic and social sustainability criteria - noting that comprehensive stakeholder consultation processes are already well-established for the development of management plans through the Fisheries Management Act 2007 and existing government processes;
- c) powers to enact legislation;
- d) initial creation of access rights and authority to fish;
- e) fisheries access and allocation issues amongst all fishers and other stakeholders;
- f) setting of Total Allowable Catch levels;
- g) investigation, enforcement and prosecution;
- h) storage of data collected through authorised fishing activities;
- i) legislated fee setting;

- j) audit and compliance with contractual arrangements;
- k) foreign and international fisheries matters; and
- l) regional development matters.

4. ACRONYMS

PIRSA Department of Primary Industries and Regions, South Australia

FMC Fisheries Management Committee

FRDC Fisheries Research and Development Corporation

5. GLOSSARY

Aboriginal traditional fishing Fishing engaged in by an Aboriginal person for the purposes of satisfying personal, domestic or non-commercial, communal needs, including ceremonial, spiritual and educational needs, and using fish and other natural marine and freshwater products according to relevant aboriginal custom.

Adaptive management Management involving active responses to new information or the deliberate manipulation of fishing intensity or other aspects in order to learn something of their effects. Within a stock, several sub-stocks can be regarded as experimental units in which alternative strategies are applied.

Allocation Distribution of the opportunity to access fisheries resources, within and between fishing sectors.

Commercial fishing Fishing undertaken for the purpose of trade or business.

Cost of management Commercial fishery management services will generally include biological monitoring and reporting; policy, regulation and legislation development; compliance and enforcement services; licensing services; and research.

Ecologically sustainable development Using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be increased.

Ecosystem A dynamic complex of plant, animal, fungal, and micro-organism communities and the associated non-living environment interacting as an ecological unit.

Fisheries Council The Fisheries Council of South Australia defined by the *Fisheries Management Act 2007*.

Fishery A term used to describe the collective enterprise of taking fish. A fishery is usually defined by a combination of the species caught (one or several), the gear and/or fishing methods used, and the area of operation.

Precautionary principle This concept asserts that where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing measures to prevent environmental degradation.

Protected means a species of aquatic resource declared by the regulations to be a protected species for the purposes of the *Fisheries Management Act 2007*.

Recreational fishing Fishing other than commercial fishing or Aboriginal traditional fishing, where the catch is released or used for personal consumption or taken for sport.

Stakeholder An individual or a group with an interest in, or connection with, the conservation, management and use of a resource.

Threatened A species or community that is vulnerable, endangered or presumed extinct.

Total Allowable Catch in relation to a fishery, means the total quantity of aquatic resources of a particular class that may be taken from the waters of the fishery during a particular period.

Traditional fishing Fishing for the purposes of satisfying personal, domestic or non-commercial communal needs, including ceremonial, spiritual and educational needs and utilising fish and other natural marine and freshwater products according to relevant indigenous custom.

6. ACRONYMS

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APPENDIX 1

The following section lists the objects of the *Fisheries Management Act 2007*

7—Objects of Act

(1) An object of this Act is to protect, manage, use and develop the aquatic resources of the State in a manner that is consistent with ecologically sustainable development and, to that end, the following principles apply:

- (a) proper conservation and management measures are to be implemented to protect the aquatic resources of the State from over-exploitation and ensure that those resources are not endangered;
- (b) access to the aquatic resources of the State is to be allocated between users of the resources in a manner that achieves optimum utilisation and equitable distribution of those resources to the benefit of the community;
- (c) aquatic habitats are to be protected and conserved, and aquatic ecosystems and genetic diversity are to be maintained and enhanced;
- (d) recreational fishing and commercial fishing activities are to be fostered for the benefit of the whole community;
- (e) the participation of users of the aquatic resources of the State, and of the community more generally, in the management of fisheries is to be encouraged.

(2) The principle set out in subsection (1)(a) has priority over the other principles.

(3) A further object of this Act is that the aquatic resources of the State are to be managed in an efficient and cost effective manner and targets set for the recovery of management costs.

(4) The Minister, the Director, the Council, the ERD Court and other persons or bodies involved in the administration of this Act, and any other person or body required to consider the operation or application of this Act (whether acting under this Act or another Act), must—

- (a) act consistently with, and seek to further the objects of, this Act; and
- (b) insofar as this Act applies to the Adelaide Dolphin Sanctuary, seek to further the objects and objectives of the Adelaide Dolphin Sanctuary Act 2005; and
- (c) insofar as this Act applies to the River Murray, seek to further the objects of the River Murray Act 2003 and the Objectives for a Healthy River Murray under that Act; and
- (d) insofar as this Act applies to areas within a marine park, seek to further the objects of the Marine Parks Act 2007.

(5) For the purposes of subsection (1), ecologically sustainable development comprises

the use, conservation, development and enhancement of the aquatic resources of the State in a way, and at a rate, that will enable people and communities to provide for their economic, social and physical well-being while—

(a) sustaining the potential of aquatic resources of the State to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of the aquatic resources of the State; and

(c) avoiding, remedying or mitigating adverse effects of activities on the aquatic resources of the State,

(taking into account the principle that if there are threats of serious or irreversible damage to the aquatic resources of the State, lack of full scientific certainty should not be used as a reason for postponing measures to prevent such damage).