

## Fisheries – 13 Oct 2010

### Fisheries

**Mr PEDERICK:** I refer to Budget Paper 5, page 18, paragraph 2, which describes the program as supporting the strategic aim of fostering sustainable and internationally competitive food, wine, fisheries, aquaculture, forestry, mineral, petroleum and geothermal industries. I note that the entire and extremely modest budget listed there of \$8.8 million is to be invested solely in fisheries. Is that to say that there is nothing at all for agriculture, one of the state's most vital industry sectors? Under existing project, \$2.28 million dollars is budgeted for **relocation of the Fisheries Compliance and Licensing Service**. Can the minister describe the cost benefits that will accrue from this relocation?

**The Hon. M.F. O'BRIEN:** We actually had no real say in this matter. The existing site is being redeveloped under the Port Adelaide Redevelopment Project. We have had to make the move, and these are the costs associated with that relocation. We were leasing, and apparently the LMC acquired it. I will pass that over to my chief executive, because I think he wants to talk about other issues associated with that particular budget line.

**Mr KNIGHT:** I want to make a point about that \$8.8 million listed on page 18 of the capital investing statement. I also might refer the member to a more detailed table that sets this out on page 6.10 of Budget Paper 4, the portfolio statement. Of that \$8.8 million, only \$2.2 million relates to the PIRSA Fisheries accommodation, as is evident in that table. The balance, being \$6.65 million, is the PIRSA annual program, so that is an amount of money that we receive every year from Treasury. It is of that order of magnitude, but it is indexed periodically and it enables us to look after capital investing requirements for the whole portfolio including, of course, agriculture and fisheries and so on.

There is a range of things in there. They include everything from fishing vessels to accommodation around the state. We generally invest about \$1 million a year in equipment at SARDI, making sure that they have got the latest tools and gadgets that they need to be competitive in an R&D world. I cannot give you a breakdown of that \$6.56 million in terms of how much of it is agriculture versus fisheries versus mining, but it would be across the board. The other thing that I might just refer to for members' information is that our new accommodation for Fisheries, to be located at Marina Adelaide, is being developed in a way in which it will also act as a state control centre for agriculture and animal services.

That new facility will meet what has been a long-needed capacity that we have had in South Australia. That state control centre, which we will use in the event of major outbreaks of diseases in either animals or plants, will be able to accommodate up to 50 personnel, for that to become a statewide centre for us. So, even that fisheries accommodation might sound like it is just fisheries, but it is going to serve a much wider benefit for the agricultural community in South Australia.

**Mr PEDERICK:** I refer to Budget Paper 5, page 58. In relation to the fisheries accommodation, can you inform the committee on what the **difficulties were in locating an appropriate site**?

**The Hon. M.F. O'BRIEN:** I will pass this over to Geoff Knight, the chief executive.

**Mr KNIGHT:** I am not sure of what exactly the member is looking to understand about the process. We have long known that that site at Birkenhead was going to be ultimately required for the Port centre redevelopment; it is in a very prominent position. Whilst it had some attractive features for us in terms of the ability to bring our vessel right in up the Port River, it has always had its deficits, including the ability to launch it and get out to sea very quickly. It has been a process that has taken a fair while to get where we are. We went through a market process through that department of government that handles government office accommodation.

We do not do that ourselves; we rely on the government office accommodation unit of the Department for Transport, Energy and Infrastructure. On our behalf, they initiated a public tender process to essentially say to the commercial office market, 'Here's our functional requirements. This is what we need. We've got X number of people we need to house. We would ideally like to have facilities for our boat and to launch from there. We have various other function requirements, including the ability to interview people for the purposes of our compliance function and embarking on prosecutions. We also need the ability to retain equipment seized for the purpose of prosecution.'

We had various functional requirements. The process was that we went out to the market through that relevant department. They then went through a process of evaluating various responses to that process. We have now signed a ten-year lease, with right for further renewal beyond that. That accommodation will be fitted out specifically for our requirements. In summary, it was a market-based process followed by a fairly detailed evaluation of the responses to those functional requirements.

**Mr PEDERICK:** I refer to Budget Paper 6, page 72, Administered Items, revenue **measures for cost recovery**. Will all fishing industry sectors be affected by these measures?

**The Hon. M.F. O'BRIEN:** I will enlist the services of Martin Smallridge, the Acting Executive Director for Fisheries, but my understanding and my intention is that we seek to ensure full cost recovery right across the fishing sector and that there will be no area of commercial endeavour that will not have to pay its way.

I would also like to make the comment, member for Hammond, that particularly in the aquaculture sector and also the fishing sector there seems to be a realisation that, as in dealing with the private sector, in dealing with the public sector you pay for services. They are in agreement with that principle.

I think the regulatory function that we perform provides them with a level of commercial surety and biosecurity protection that is invaluable for the running of their businesses and for their growth, but they have said to me: 'We want it to be transparent. We don't want to be paying for services that aren't delivered as efficiently as they should be and we want to ensure that the regulatory regime that we operate within is as streamlined as necessary, but we don't believe we should be carrying the burden of an overregulated commercial environment.'

I am in agreement with that particular proposition. Martin was with me at, I think, Smoky Bay when we had a discussion with the oyster producers. I have heard it first hand on a number of occasions and I know that that is the way that we will be operating, but I will now pass it over to Martin.

**Mr SMALLRIDGE:** I guess there are some specifics, but essentially this is about just rolling out the cost recovery policy across all the sectors, which in fishing is about having 100 per cent of attributable costs collected from the industry. There are still some sectors that have not been on 100 per cent cost recovery, most notably sectors like the charter fishery which is new so it has had a holiday and a transition process.

The bulk of the funds that are highlighted in that budget paper are increasing the level of cost recovery to 100 per cent across those sectors, but there is also an increased overhead cost that will be distributed across the rest of the sectors. Our commitment to industry has been that we will be matching the CPI increase when we increase our fees, and our assessment of the last five years has demonstrated that we have not even passed on a CPI increase in our cost recovery process.

**Mr PEDERICK:** Further, on the same budget line, I assume that the full modelling has been done in regard to the amount of cost recovery applicable to each sector. How and when will the new charges be levied in each sector; will that be this financial year?

**Mr SMALLRIDGE:** It is the next financial year, so the cost recovery process commences with negotiations with industry starting next month, and they are about setting the fees for the 2011-12 financial year and that is when the charges will start to take effect.

**Mr PEDERICK:** On the same budget line, has there been any modelling done on what effect the increases will have on bottom-line production costs for the fishing industry?

**The Hon. M.F. O'BRIEN:** There has. I am not sure how comprehensive it has been, but with the oyster industry I actually asked that we do a calculation on the cost per dozen oysters because I was bit concerned. We did not want to jeopardise their ability to compete with New South Wales, Tasmania, Victoria, in markets particularly along the eastern seaboard, and we looked at that additional cost impost in terms of what they were wholesaling a dozen oysters for in Sydney and Melbourne markets. I think it was a negligible impact. I do not think it even amounted to a full cent per dozen. We are cognisant of the potential impact for these fees on the bottom line, not only the bottom line but also the ability to compete in other markets.

**Mr PEDERICK:** On the same budget line, do you believe that commercial fishermen make too much money?

**The CHAIR:** Member for Hammond, you are asking the minister for an opinion.

**The Hon. M.F. O'BRIEN:** It is not a budget line, and I did not make that comment. I think we have been highly disciplined. I think the opposition is putting in a sterling effort and really using it as an opportunity very efficiently to get an understanding of what is a very important sector to the three members. I think we will just stay on task.

**Mr PEDERICK:** I refer to Budget Paper 4, Volume 2, page 6.16, Fisheries Performance Commentary, paragraph 2, which refers to the **demerit system** which was to be introduced on 30 September 2010. Has that system been fully introduced, minister?

**The Hon. M.F. O'BRIEN:** I will pass this over to Martin.

**Mr SMALLRIDGE:** Yes; the demerit points have taken effect. There are some legislative amendments, though, based on the consultation that we had with industry. So, whilst the points are taking effect, there are some questions with regard to the scope of those points that we are still discussing with industry, in particular, the application of points to holders of more than one licence and how many of those licences actually receive the points. Broadly speaking, yes, the demerit scheme has taken effect.

**Mr PEDERICK:** In line with the same budget line, what caused the hold-up in the department's failing to introduce the scheme in last financial year as promised in the 2009-10 budget?

**The Hon. M.F. O'BRIEN:** I will pass it over to the Chief Executive Officer.

**Mr KNIGHT:** I would probably take the expression of the word 'failure' as a positive, in a sense. What caused that failure was the fact that we went out and consulted properly with industry and we listened to their concerns. We were not prepared just to put in a scheme that satisfied the intent of the act as it was. We were very intent on listening to industry. It raised some fairly legitimate questions that had not been contemplated, particularly, as Martin said before, where there were company structures that had not been fully thought through. I suppose the 'failure'—if you want to call it a failure—was a failing in taking seriously the concerns raised by industry and wanting to make sure they were addressed before we simply rammed the scheme in.

**Mr PEDERICK:** Thank you. In relation to the same budget line, what resources does the department have in place to police the demerit system and are these resources adequate, taking into account resource sharing that is happening with other departments to reduce costs?

**The Hon. M.F. O'BRIEN:** I will give this over to Martin, but I would just like to flag that we are launching a new vessel to operate in the South-East in the coming month, so we are making a commitment to basically maintaining, if not enhancing, what we are doing with our fisheries.

**Mr SMALLRIDGE:** So there is a broad compliance program and the resourcing in that compliance program and enforcement program has not changed. There are no extra specific requirements associated with having a demerit points scheme. Any changes have been within our licensing and administrative function rather than our compliance function, and that has been about upgrading our computer software so we can accommodate the demerit scheme. So the only extra requirement associated with the demerit points has been a need for people, if they are looking to purchase a licence, to know whether or not there are points attached to that licence. All of that has been accommodated within our administrative functions.

**Mr PEDERICK:** In Budget Paper 4, Volume 2, page 6.16, paragraph 3 refers to a **recreational fishing survey**. Will the information gathered in this survey be used in the identification and determination of sites and boundaries for marine parks and, if so, how will it be used?

**The Hon. M.F. O'BRIEN:** That, obviously, was not the intent, but we would be making that information available so that the decisions that are made are fully informed.

**Mr PEDERICK:** As an aside to that, will there be any cross-referencing or some sort of departmental checking on what may be said? I do not know whether too many people would want to give up their good fishing sites. I am not making make any allusions, but will there be any checking by the department or any cross-referencing of information already held by the department?

**The Hon. M.F. O'BRIEN:** I will pass this over to the Chief Executive Officer.

**Mr KNIGHT:** As you would want, we are very actively involved in working with the Department of Environment and Natural Resources in the rollout of **marine parks**—and it is not just out of our interest in commercial and recreational fisheries: it is also the aquaculture and mining sides of the department. Of course, the aim with fisheries and aquaculture is to minimise any displacement impacts to an absolute minimum. I believe in this place yesterday the environment minister made the same comment, that the government's aim is to minimise any displacement.

Obviously, for our part, we are acutely concerned about the economic value that both commercial and recreational fisheries create for South Australia. The recreational fisheries have quite significant tourism benefits for regional South Australia. Our concern will be to minimise any adverse impacts, and we are working very closely with DENR to ensure we achieve an outcome whereby we get the benefits of those parks without any loss of economic activity, or minimising any displacement of that.

**Mr PEDERICK:** I refer to Budget Paper 4, Volume 2, page 6.7, agriculture food and fish targets dot point 8, 'implement new management plans for the southern zone **rock lobster** fishery'. In making your decision to close the southern zone to rock lobster fishermen from October to May, did you take into account the opinions of the vast majority of fishermen who believe that closing it in October will not affect the sustainability of the fishery but will cause significant economic hardship to the industry?

**The Hon. M.F. O'BRIEN:** The department was involved in quite a thorough process of consultation, and I met on several occasions with groups representing the industry. I was guided by probably the key principle within the Fisheries Act, which is the United Nations agreed proposition that the cautionary principle should be exercised in fishery management. That basically states that, even in the absence of conclusive scientific evidence, if the fishery is under threat, all reasonable decisions should be made to protect the health and viability of the industry, even though the scientific evidence for underpinning a particular decision may not yet be evident.

I was guided by, first, the collapse of the Western Australian fishery; and, secondly, the grave difficulty that the Victorian fishery is currently in. That indicated to me that we did not want to allow matters basically to get beyond us, because I think WA is going to find it very difficult to haul itself back. Recently, it announced a 50 per cent reduction in quota, but, I think that, in the previous year, something like one-third of vessels were removed from the industry just because the activity was not there.

Tasmania is currently undergoing a review to protect the viability of the South Australian industry and to ensure that we do not allow what happened in WA (and probably to a lesser extent in Tasmania) to happen here. I knew that there was a recruitment pulse entering that fishery that, if protected, would restore the biomass. I

was informed by a longstanding decision of Tasmania, Victoria and, I believe, WA that they close their fisheries in October.

I have had a look at preliminary recommendations for the review of the Tasmanian rock lobster fishery where there are some recommendations that they not only retain closure in October but also that they now move to November. In visiting the web sites for those states, and without going into any detail, they say that their fisheries are closed in October. You can google it. The websites of Victoria, Tasmania and, I believe, Western Australia say quite specifically that their fisheries are closed in October to protect—

**The CHAIR:** Minister, I am sorry to interrupt you, but we have a very brief amount of time left and the member for Hammond does have quite a lot of omnibus questions to read in.

**The Hon. M.F. O'BRIEN:** He can read those in. That is it in essence. Berried females cannot be removed from the sea in those states in October. It is a totally closed fishery.

**Mr PEDERICK:** The omnibus questions are:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister—including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2010, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

4. In financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—

(a) which has been abolished; and

(b) which has been created?

6. For the year 2009-10, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grant, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

7. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, will the minister list the total amounts spent to date on each project?

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?