



Victorian
Competition & Efficiency
Commission

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Mr Ross McGowan
Executive Director
Fisheries Victoria
Department of Environment and Primary Industries
1 Spring Street
MELBOURNE VIC 3001

Dear Mr McGowan

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed *Fisheries and Fisheries (Fees, Royalties and Levies) Miscellaneous Amendment Regulations 2014*.

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 10(3) of the *Subordinate Legislation Act 1994* (the Act). I advise the final version of the RIS received by the VCEC on 17 April 2014 meets the requirements of section 10 of the Act.

The VCEC's advice is based on the adequacy of the evidence presented in the RIS and is focused on the quality of the analysis rather than the merits of the proposal itself. **Therefore, the VCEC's advice that the RIS is adequate does not represent an endorsement of the proposal.**

In reaching this view the VCEC notes that the proposal is different to most fees RISs prepared by Government as the main purpose of the proposal is to increase fees paid by recreational fishers to 'fund additional projects to enhance recreational fishing opportunities in Victoria'. However, the proposal will result in a significant financial impost on recreational fishers – estimated to be \$17.4 million over four years –, and it is important that there be robust, proportionate analysis of the proposed regulations to inform stakeholder consultation and Government decision-making.

While overall the VCEC has formed a view that the analysis in the RIS meets the requirements of the Act, the VCEC also notes that stakeholder feedback received via the public consultation process will be important to test the analysis and to validate the preferred option presented in the RIS. Key issues that may be of interest to stakeholders include:

- **Amount of revenue raised:** A key choice and issue of uncertainty in this proposal is the amount of revenue that should be raised. Stakeholder views are sought on what amount is appropriate and their willingness to pay for a higher level of grant-funded activities. While there is limited discussion of different fee/revenue levels and types of grant-funded activities, the main options analysed focus on who pays, rather than the total revenue to be raised. Stakeholder views are therefore essential to inform a judgement on the appropriate additional expenditure and consequent fee increase.
- **Effectiveness of existing expenditure:** The RIS provides limited information on the effectiveness of existing expenditure on the recreational fishing projects and other activities, and the benefit to fishers or the broader community. While a survey from

2009 and some more recent consultation suggest that there may be some support for the expenditure in the sector, there appears to be no recent evaluation of projects or measures of fishers' willingness to pay for the expenditure.

- **Assumed impacts of the proposed regulations:** The RIS provides limited information on the expected impacts of proposed regulations and the Department has largely relied on assumptions regarding the behavioural response of fishers and the effectiveness of compliance activities. Assumptions are also made about the administrative costs of the regulations for the Department and for others in the sector, including fishers. Stakeholder views will be important to test the reasonableness of these assumptions.

Given the limited information contained in the RIS on the matters above, the VCEC considers that a substantial evaluation should be undertaken on both the *Fisheries Regulations 2009* and the *Fisheries (Fees Royalties and Levies) Regulations 2008*, both of which are due to sunset within the next five years. The VCEC considers that for a future RIS concerning regulation of recreational fishing to be assessed as adequate it will need to include the following:

- Development of clear, coherent and robust policy principles to inform judgements about the future design of recreational fishing licenses and associated fees. This should include examining: (i) the case for government regulation of recreational fishing to both manage the sustainability of fisheries and to promote the interests of the recreational fishing sector, and (ii) the specific activities that are appropriately funded by regulated fees.
- A comprehensive analysis of the underlying costs and public and private benefits of the Department's recreational fishing activities, with a focus on the highest cost and volume activities. This should include quantitative information on the usage and benefits of investments intended to achieve sustainability and sector-promotion objectives, the willingness of recreational fishers to pay for improved recreational fishing opportunities and infrastructure, and the effectiveness of the Department's efforts to achieve compliance with license requirements.
- Consideration of a wider array of options for achieving the Government's sustainability and sector-promotion objectives, based on a more rigorous framework. This would facilitate deeper stakeholder understanding and engagement on issues such as the appropriate level of expenditure, the level and structure of fees and the likely efficiency, equity, revenue, compliance and other impacts.

In the interests of transparency, it is government policy that VCEC's advice be published with the RIS when it is released for consultation.

If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely



Dr Matthew Butlin

Chair

Victorian Competition and Efficiency Commission