FISHERIES RESEARCH ADVISORY BODIES

STRUCTURE, GOVERNANCE AND PERFORMANCE – FINAL REPORT

FRDC

FRDC Project 2014-238

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TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND

Fisheries Research & Development Corporation (FRDC) is a statutory corporation within the Australian Government's Agriculture portfolio and is accountable to the Parliament through the Minister for Agriculture. The FRDC invests to create knowledge so that Australia's marine and freshwater resources can be managed and used for fishing and aquaculture sustainably for the benefit of the Australian community.

Revenue for the Research, Development and Extension (RD&E) investment is based on a co-funding model between the Australian Government and the commercial fishing and aquaculture industries. It is collected through the Australian Fisheries Management Authority, and the state and territory governments as part of their fisheries management activities. As stipulated under the FRDC's enabling legislation the FRDC's primary revenue source is based on:

a) the Australian Government providing unmatched funds equivalent to 0.50 per cent of the annual gross value of production (AGVP) of Australian fisheries production (including aquaculture),
b) fishers and aquaculturists providing contributions, and
c) the Australian Government matching those contributions up to a maximum of 0.25 per cent of AGVP.

It follows that State/Territory governments and their respective fisheries departments are major stakeholders who must be satisfied that their jurisdictional priorities are adequately addressed by FRDC's research program; if not, there is a risk that funds might be withheld by those states. They are also employers of researchers and collectors of data that informs the development of RD&E priorities.

The need to engage these parties in priority setting was recognised by then-Minister David Beddall in his 1995 Ministerial direction that required, among other things, that "spending of industry contributions be of direct relevance, within a five year period, to the fishery, industry, sector, ***or state/territory*** in which the funds were collected [and] in determining the projects on which funds are to be spent FRDC is to have regard to the advice of the relevant management agency and industry sectors acting in collaboration" (emphasis added). In accordance with that Direction, since 1995 the FRDC and its partners have sponsored Fisheries Research Advisory Bodies (FRABs) to provide advice to the FRDC board on priorities and needs for investment in their respective jurisdictions. There is a FRAB in the Northern Territory and every State plus a Commonwealth FRAB.

In recent years many sectors of the fishing and aquaculture industry have entered into Industry Partnership Agreements (IPAs). IPAs often take a cross jurisdictional sector based approach to the management of priorities and corresponding investment in RD&E by contrast to the State/Territory model that the FRABs represent. The emergence of IPAs has significantly reduced the funds available through the FRAB and Annual Competitive Round processes, and these IPAs are likely to increase in number.

The 1995 Ministerial Direction has recently been withdrawn, but the need for some form of consultation remains. Other recent and pertinent issues from the Australian Government perspective are its:

- intent to decentralise the locations and operations of R&D corporations including FRDC;
- changes to the Primary Industries and Research and Development Act; and
- requirement for greater FRDC involvement in adoption and extension activities

In light of these developments, FRDC determined in 2014 that a review of the role and operations of the FRABs was warranted.

Goals and Principles

The goals of the review were stated as follows:

- to ensure that the FRABs' role is integrated into the implementation of FRDC's new five-year RD&E Plan, and
- to identify opportunities to improve the effectiveness and efficiency of the FRAB network.

FRDC provided a Scope statement that set out its requirements and laid down some guiding principles, as follows:

- stakeholder engagement
- end-user focus and participation, and the delivery of end-user outcomes
- needs based investment
- increasing the leverage of non-FRDC funds
- close linkage between the FRABs and the FRDC's RD&E Strategy, national programs, Industry Partnership Agreement arrangements, Subprograms, Coordination programs (including across jurisdictional boundaries)
- good governance
- innovation to deliver continual improvement
- efficient operations

Approach to Review

The following activities were set out in the project agreement.

1. Conduct discussions with FRDC staff and other research and development corporations to identify and refine options for the future structure, operations, ownership and financing of FRABs.
2. Conduct in-person and telephone interviews with FRAB stakeholders to identify:
   a. expectations of FRAB
   b. perceptions of FRAB performance, including their effectiveness and efficiency
   c. preferred option (if any)for improving existing process or implementing alternative processes
   d. preferred funding model (if any)
3. Deliver a written report and recommendations for consideration

In practice, steps 1 and 2 were completed and a preliminary report developed that set out the points of consensus and contention that had been identified in the consultation, together with a set of draft recommendations. This report was circulated to participants in the FRAB Workshop of April 2015. Those participants then engaged in syndicate group discussions that generated valuable feedback and provided a foundation to assess the level of support for each recommendation and develop implementation options.

An extended consultation period was provided after the workshop at the request of participants. Further discussions took place over that time, and some written submissions were provided.

Questions Addressed

Bearing in mind the goals, key deliverables and guiding principles of the review the following ten questions were framed to act as a foundation for all interviews.

1. Role and deliverables of FRABs under current model
2. Effectiveness and efficiency, including cost-efficiency, of FRABs
3. Integration with the FRDC's new RD&E Strategy, including what role the FRABs could be expected to play in delivering the Strategy
4. FRDC's current investment processes as they relate to FRABs and the flexibility of these processes
5. Cooperation across jurisdictional boundaries; perhaps including a bioregional approach
6. Integration with national programs/projects, Industry Partnership Agreement arrangements, Subprograms, etc
7. Impact of IPA's on FRAB structures and roles
8. ***Changes to FRAB structures and governance that could provide cost efficiencies and deliver better outcomes***
9. Feasibility of financial autonomy, and mechanisms to manage this
10. Options to improve end-user focus

Question 8 (highlighted) was designed as a springboard that would launch discussion of four possible reform models – two extreme and two moderate. Together with 'maintain *status quo*' these models became the *five options* set out below. They were used to test the practicality and likely impact of the change initiatives implicit in each model.

RD&E CONSULTATION MODELS

At the outset of the review a number of similar Research and Development Corporations, owned and operated by either the Australian government or the industry itself were consulted. There emerged three basic structures used by these entities to engage the target industry in setting and implementing sound research priorities. Each is discussed below.

Jurisdictional

This is the FRDC's model, founded upon the 1995 Ministerial direction cited above, in which there is an advisory body in each State and Territory plus the Commonwealth. It recognises that there will always be tensions, in concept and practice, between the parties identified in that Direction – the "fishery, industry, sector or state/territory in which the funds are collected" – as to the disposition of those funds. The FRABs are intended to be a forum wherein those tensions are dissipated and the desired level of "collaboration" achieved. Their key deliverable, from an FRDC perspective, is advice on priorities and needs for investment in their respective jurisdictions.

The issue is complicated by the reality that not all the funds to be expended are in fact collected from or in a sector or State, but are contributed by the Commonwealth via a matching mechanism. It is further complicated by the nature of fisheries (which commonly cross jurisdictional boundaries) and the types of projects that FRDC funds, many of which will cross jurisdictional lines and some of which need to be conducted on a national scale.

The jurisdictional approach is the most expensive to administer since it involves, by definition, a minimum of eight advisory bodies. The alternatives involve no minimum number.

Geographic

This model is exemplified by the practices of the Grains Research and Development Corporation (GRDC). State borders are ignored in favour of a North-South-West configuration of three regional panels to cover the distinctive grain growing regions of Australia. Regional panel members also participate as members of the GRDC's investment program teams.

As in the jurisdictional approach the three regional panels operate as a collaborative forum for grower groups and organisations including local Research Advisory Committees. Their critical deliverable is advice, delivered through a National Panel. Regional panel members assess regional investment proposals, undertake risk analyses and help to match GRDC's investment plan to grower and government priorities.

Thematic

The thematic model involves the organisation of research advice around themes: for example, the sectors and/or people who are to benefit from a given research proposal, or the broad subject matter of a range of proposals. For the cotton industry, Cotton Australia – acting for Cotton RDC – adopts a thematic organisation style, as does Australian Pork (APL). Their respective theme sets are detailed overleaf.

CRDC		APL	
Customers	Farmers	Genetics, reproduction & welfare	Industry capability & technology transfer
Industry	People	Market Development	Environment management
Performance		Nutrition, health & physiology	Food safety, biosecurity & quality assurance

For FRDC, elements of the thematic model are already present in the form of Subprograms such as Aquatic Animal Health. IPAs could also be seen as a thematic design, with the theme in that instance being species/industries/sectors.

Issues and Questions

1. What benefits, if any, would FRDC derive from a partial or total shift to:
    a. A geographic model?
    b. A thematic model?
2. In relation to (b) above, what themes would be appropriate?
3. What factors, if any, support the continued maintenance of a jurisdictional model?

To determine the relative benefits of each model it is vital to understand what the FRABS are meant to deliver. The next section of this report outlines a range of views expressed as to the role of FRABs and what constitutes FRAB success. It includes some commentary as to the composition and appointment processes of each FRAB and the position of FRABs within the broader system of research advice, engagement and execution.

FRAB ROLE AND OPERATIONS

The role of the FRAB Network was broadly stated in the former Ministerial Direction. Over time that statement has been clarified, operationalised and supplemented by the contracts that FRDC enters into with FRAB Service Providers such as:.

- in Western Australia, the Western Australian Fishing Industry Council
- in NSW, the Professional Fishermens Association

The contract lists service requirements including but not limited to:

- Develop an Operational Budget
- Provide advice, and
- Use reasonable endeavours to
    - Have clear pathways for advice to and from stakeholder groups
    - Undertake an annual priority setting process
    - Collaborate with other jurisdictions, FRABs … etc
    - Identify appropriate funding sources (including FRDC)
    - Advise FRDC on the appropriateness and priority of applications.

Discussions with FRDC Board members and staff exposed some additional expectations that are not explicitly articulated in the contract. The first is that the FRAB should assist and support applicants in the development of proposals that meet agreed priorities and presentation requirements. I understood this to involve elements of *guidance* as to which expressions of interest would be more likely to progress and *quality control* over the documentation to be submitted. FRAB respondents stated that they did in fact perform this function and their improving strike rates (in terms of recommended projects being approved by the Board) would appear to confirm this.

The other extra-contractual expectation was not a unanimous sentiment. Some respondents indicated that FRABs should be active participants in monitoring project progress. This function, if required, is not being performed.

Each FRAB participates in the annual priority setting process by attending an annual workshop, engaging in discussion and negotiation, and adopting agreed priorities. Every FRAB "advises" FRDC by determining which applications to submit and whether the submission will be accompanied by a recommendation. But each FRAB addresses the remaining activities – for example, the identification and use of "pathways for advice" – in its own fashion, with no specific guidance or benchmark. This is not a criticism *per se*: it reflects a series of entirely justifiable decisions and agreements, and has contributed to a history of well-regarded performance across the network.

The lack of specific targets or performance measures does, however, limit the scope for performance assessment by or feedback from FRDC. In some areas interviews revealed a divergence of views between the FRDC and a FRAB as to the work actually performed by that FRAB and the effectiveness of that work. In the absence of performance specifications or evaluation/feedback processes; there is no evidence to support one view over the other nor any standard against which to assess.

The mode of performance of the core "application advisory" function could be characterised as entrepreneurial in some instances and more of a sort/select/deliver function in others. In either mode it would seem that a high proportion of recommended projects being funded is proof that priorities are being applied. This may be attributable in some measure to the direct involvement of FRDC personnel in FRAB processes – all members interviewed spoke in positive terms about FRDC's guidance.

Some FRABs have, according to their Chairs, conducted positive self-assessments. Others have made substantial recent change to their structures with a preference for smaller expertise-based membership. Regardless of these factors FRAB members largely acknowledged that the current model presented opportunities for improvement and in any case the model could not be completely sustained in an environment of reduced and redirected funding.

Appointments

Appointment models vary in each State across a range from formal Ministerial investiture to loose representational arrangements. COMFRAB may be distinguished from the others by virtue of its linkage to the Australian Fisheries Management Authority, among other things.

Positions are in many cases advertised and subject to competitive selection, but the lengthy period of engagement most members have with their FRAB is striking. Of course the same could be said of the external stakeholders I interviewed, most of whom boasted an extensive history of dealing with one or more FRABs. The State/ Territory government has representation on its local FRAB, on the basis of representatives' fisheries management, research administration or other relevant roles as well as their possession of required expertise.

In one State there is an "independent community representative" who also brings pertinent expertise from his former career; in some States there is or has recently been an indigenous representative. The representation of the recreational fishing sector is similarly patchy. There is no obvious correlation between the composition of the FRAB and its "strike rate" in the project recommendation dimension, but an absence of direct sectoral representation may impact on other measures of a FRAB's success.

Expertise, Representation and Advice Pathways

If the overarching mission of FRABs were – as specified in the Beddall direction – to ensure that "spending of industry contributions be of direct relevance … to the fishery, industry, sector, or state/territory in which the funds were collected" there is also a discernible secondary purpose: that spending be **seen to be** relevant. In other words, part of the role is or should be to provide assurance to local industries and sectors that their voices are being heard. There are elements of public relations and diplomacy in this so I will call it the *ambassador* role.

In fact, the mission itself is complicated by the inclusion of unmatched funds and public good elements. Part of the FRAB's ambassadorial role should be to correct the perception held by some commercial industry participants that RD&E funding is "our money" and thus should not be spent on (for example) the needs of the indigenous and recreational fishing sectors.

One approach to this task would be to give each industry and sector direct representation on the FRAB, and this was the model for some until relatively recently. The result in some cases was an unwieldy, adversarial process in which representatives sought to maximise the spend on their sector's priorities at the expense of more promising investments (from a strategic/national perspective). There is the further problem of representational conflicts and overlaps – if there are multiple fishers' associations in a state, which should be selected? The representational model would seem unlikely to deliver "good science" and its use does not appear to have delivered a higher level of confidence or assurance to stakeholders in any case.

Against this background a move to expertise-based FRABs seems to have been warranted, especially given that many appointees also come with representational credentials. But some external stakeholders question just what expertise is required to manage the process, and note that the majority of that expertise appears to be found in agencies of or entities funded by State Governments.

Most stakeholders acknowledged that FRABs performed an ambassadorial role but only after prompting – in most cases the initial response to the question "what is your FRAB's role?" was either:

- some variation of "good science/quality applications", or
- setting and applying fisheries research priorities for ***this State*** (emphasis added)

Once the ambassadorial element was acknowledged, however, very few respondents asserted that a particular FRAB or the FRAB network generally had performed well in that area. I concluded that the credibility and reputation of FRABs (and through them, the FRDC) in terms of relevant investment decisions had less to do with the composition of the body than with their selection and use of "clear pathways for advice to and from stakeholder groups" as it is described in the FRDC contract.

A variety of approaches has been adopted to the "advice from" component including email surveys, regional meetings and mailouts that attempt to determine sectoral priorities. It would appear that less emphasis is placed on the "advice to" component, with most FRABs disavowing any role in the adoption and extension (A&E) of research other than ensuring that each project has its own A&E plan. I note that submission of a detailed A&E plan is not required until after the project is approved for funding, so it is perhaps not surprising that FRABs have little engagement with this aspect.

Industry stakeholders were not noticeably enthusiastic about the level of engagement and communication FRABs provided. But in a sense no amount of consultation would ever be enough for those stakeholders, and industry attitudes seem more likely to be driven by the extent to which favoured projects receive funding than by the frequency and quality of engagement. It is also (and obviously) challenging to develop a model that delivers genuine engagement with geographically scattered stakeholders in a cost-effective manner.

Resources and Support

The day to day operations of a FRAB are generally performed by a part time Executive Officer (EO) who is an employee of a local host body such as the fishers association or seafood industry council. For its part FRDC provides up to $40,000 annual funding that covers travel and administrative expenses and a proportion of the EO's salary. FRAB members do not receive financial compensation. The EO receives advice on processes and actions from FRDC, but does not receive formal direction or oversight.

$40,000 pa appears to be a modest contribution given the ambitious scope of work that is contemplated, but the multiplier that arises from the existence of eight FRABs makes it a substantial expenditure item. And the resource cost is in fact significantly higher since it is FRDC's custom to have its officers provide substantial advice and assistance including attendance at every FRAB meeting. As previously noted, this level of engagement is welcomed across the FRAB network.

The organisations housing the FRAB EOs may well incur unmeasured administrative costs beyond the $40,000 FRDC contribution. In an environment where the quantum of research funding is diminishing, and an increasing proportion of those funds is diverted from the FRAB process (notably to IPAs) it becomes a challenge to justify this level of spending. All stakeholders acknowledged this.

FRABs Beyond FRDC

The obligation to "… identify appropriate funding sources (including FRDC)" implies that each FRAB would consider, in respect of any proposed project, what funding sources should be approached and which would be the most appropriate for the project in question. This contractual requirement reflects FRDC's clear intent to leverage its investment. Ideally, a FRAB would put together funding coalitions or simply direct projects away from the FRDC where an alternate source of funds was available.

Two Chairs indicated that this was an important role for their FRAB, and one specified a particular funding "pot" that was especially useful in that State. Other respondents professed skepticism as to whether this actually occurred, and other Chairs stated that it did not happen in their jurisdictions. It is reasonable to conclude that the 'matchmaking beyond FRDC' activity happens only at the margins.

FRDC Beyond FRABs

FRABs are an important element of a complex "advice, engagement and execution" system established over time by the FRDC. Other elements include:

- Subprograms that manage linked projects by employing higher levels of coordination, integration and communication to industry contributors – for example, Aquatic Animal Health
- Co-ordination programs such as the Social Science and Economics Research Coordination Program
- Three regional research hubs – Southeastern, Southwestern and Northern – established under the National Research Providers Network
- Industry Partnership Agreements – with Oysters Australia, for example
- Tactical Research Fund (currently suspended)

A few stakeholders felt that the many pathways to funding introduced unnecessary complexity to the system but the majority considered that FRABs managed their interaction with the other strands effectively. It is reasonable to conclude, however, that navigating the system introduces delays to project funding that would not be present if the system were simplified.

The FRAB-IPA relationship is obviously at an early stage; consequently respondents could not offer a great deal of insight into the effectiveness or otherwise of this interaction.

FRAB to FRAB

The jurisdictional organisation of the FRAB networks imposes a burden on the sponsors and stakeholders of any prospective project that crosses State borders, ie the obligation to deal with multiple FRABs. Some commercial industry stakeholders were critical of this aspect and to some extent IPAs can be seen as an FRDC response to these concerns.

From the perspective of the FRABs there is a clear contractual requirement to collaborate with their cross-border counterparts but many respondents identified barriers to such collaboration, with particular emphasis on the budgetary implications of supporting another FRAB's project. This is not to suggest that any FRAB is excessively parochial in its preferred disposition of funds but simply to observe that the research priorities of neighbouring jurisdictions are unlikely to be identical. If financial support for a neighbour's priority project is seen as diminishing the pool of funds available for one's own priorities, then the FRAB's investment choices are likely to be distorted.

Some respondents stated that the budgetary impact of supporting a proposal from another FRAB was actually variable – some would involve a charge against the FRAB's budget while others would not. The distinction between "charged and uncharged" was described as opaque, with the selection made by FRDC on a case by case basis reflecting national priorities.

FIVE OPTIONS

Two radical and two moderate change models, together with "no change", constitute the five options put to stakeholders in the course of these consultations. In the sections that follow there is an overview of each option together with a discussion of the pros and cons that stakeholders have identified.

Maintain *Status Quo*

This alternative involves no change to the current system. The success of the model over the past decades is the strongest argument for the *status quo*, and some respondents were also concerned about the costs that would be incurred in the course of any substantial change.

FOR

The engagement of State/Territory government representatives in the current system was a prominent feature of most conversations, for two reasons:

- Government fisheries departments, in their role as fishery managers, are key stakeholders so their participation in the research advisory mechanism is vital; and
- Disruption or reform of the FRAB network – for example, a shift to a non-jurisdictional model – may be seen as having the potential to reduce a particular government's input, influence or control and/or to harm its interests, causing that government to withhold funds

A FRAB could potentially fulfil other jurisdiction-specific roles, as is the case in Tasmania where the FRAB is also the Ministerial Advisory Committee. While this has not occurred in other jurisdictions, I note that if a State bent on cost-cutting chose to abolish a fishery committee or other body then perhaps a local FRAB could fill the gap. While this scenario was put forward by some respondents it is of course highly speculative.

A related but more concrete proposition supporting the maintenance of the *status quo* is the ability of a body that is grounded in a jurisdiction to pursue other sources of funding for a desired project, as discussed in the *FRABs Beyond FRDC* section above. But since the majority of FRABs have not undertaken this work it represents a relatively weak support for the current system.

The current system delivers a level of project scrutiny that helps ensure probity and provide credibility in the distribution of taxpayer funds, especially public good funding. This is not a sufficient reason in itself to maintain the model but it does warrant a degree of caution in any attempt to implement a significantly different approach.

AGAINST

Every stakeholder consulted recognised that, as previously stated, the *status quo* cannot be completely sustained in an environment of reduced and redirected funding. Assume that a given FRAB is operating optimally and delivering every output and outcome that its sponsors require: if the funds that FRAB administers are cut by (say) 50% then as a matter of responsible administration its running costs must be cut by a similar proportion or its scope of activity and responsibility doubled.

Similarly, every stakeholder consulted acknowledged the logical shortcomings of a jurisdictional model given that the location and movement of particular aquatic resources is independent of borders. There is likely to be a stronger commonality of interest among, for example, all who pursue mackerel than among all who live in Western Australia.

The *status quo* incorporates an entrenched conflict where a research organisation that would benefit from the funding of a project is represented on the body that recommends projects for funding. This is not to suggest that any project has ever been selected for an improper purpose but the risk is obvious and the likelihood that external stakeholders might perceive a degree of selection bias is high despite the FRAB's commitment to FRDC's conflicts of interest protocol. Some government representatives were commendably frank about the need to ensure an ongoing stream of projects for the research institution(s) that their department supports.

The variable treatment of cross-jurisdictional projects, as discussed in the *FRAB to FRAB* section above, is another acknowledged weakness. Imagine a potential project that is high on the priority list of multiple jurisdictions but is outranked in each by a number of alternate proposals whose benefits are entirely local: the highest-priority, local impact projects of each jurisdiction are more likely to receive a funding recommendation even though the lower-priority, multi-impact project would represent the optimal leveraging of FRDC's scarce resources while also meeting national and regional priorities.

POTENTIAL ADJUSTMENTS

I invited stakeholders to consider what, if any, additional work could be done by existing FRABs so as to warrant maintaining the current levels of support despite a substantial reduction in budget (ie in funds to be distributed via the FRAB mechanism). I also invited comment as to how a FRAB might reduce its operating costs to a level concomitant with a considerably reduced pool of funds to be distributed.

On the latter question the most common response was to suggest a reduction in the frequency of the competitive round, from an annual to a biennial cycle. This would imply a proportionate reduction in the frequency of meetings and the financial support for the Executive Officer's position so as effectively to halve the $40,000pa commitment to each FRAB's administrative expenditure. One consequence of this would be to lengthen the period from conception to initiation of projects that follow the FRAB pathway; this would, however, be ameliorated to some extent by FRDC's recent introduction of a rolling approvals method (ie decoupling the assessment process from the somewhat rigid annual submissions cycle). Presumably there would be a rebalancing of each Executive Officer's duties and workflows to reflect a decreased proportion of time being spent on FRAB issues.

The first question, "what else might a FRAB do to justify continuing support at the current level?" generated no ideas so I followed up with an invitation to speculate about the possibility of greater FRAB involvement in A&E activities. This adjustment of emphasis and work program would be consistent with the FRAB contractual obligation in respect of "… pathways for **advice to** … stakeholder groups" (emphasis added) and would address what many stakeholders identified as a weakness in the overall fisheries research regime.

While no stakeholder rejected the concept out of hand, most felt that it would require a reconfiguration of skillsets and work plans. Some respondents stated that an adjustment of this kind would require that FRAB members receive payment, albeit without any consistent explanation as to why this should be the case other than an increased workload. I concluded that if the existing eight-FRAB structure was to be maintained in a financially responsible manner, it could only be through a reduction in expenditure – an expansion of responsibilities, whether into the A&E space or elsewhere, would not be viable.

To follow this path would do nothing to address the flaws many stakeholders identified in the current model, and the inevitable reduction in frequency of meetings and administrative funding might even exacerbate them. The case for change is compelling.

Abolition of FRAB Network

The simplest of all reforms would be to abolish the FRAB network altogether. Adopting this approach would mean that FRDC received the majority of its advice, and stakeholders were regarded as having achieved an appropriate level of representation, via an "IPA network".

FOR

A significant number of respondents were untroubled by this prospect, with industry stakeholders in particular lending it support. The most powerful argument in its favour – at least insofar as IPAs remain species-based – is the direct engagement of each sector in its "own" IPA, which would presumably lead to a justifiably stronger perception of a direct return on the industry's investment.

A network of IPAs that is individually and collectively blind to the Federation and its internal borders makes more logical sense than the jurisdictional model, and could be expected to address effectively two of the criticisms reported above, ie

- Slow progress from conception to initiation of projects deemed vital by a particular sector; and/or
- Conflicting priorities of two or more jurisdictions that would benefit from it result in an inappropriately low priority for an industry project of greater national significance.

IPAs have an explicit role in the adoption and extension of projects originating from and benefiting their sectors, so an all-IPA model could be expected to deliver improved results in that area. Clear A&E objectives could be set down for each IPA, ensuring that there was capacity to support each project in the delivery of its A&E component.

FRAB abolition would deliver the immediate budgetary benefit associated with the cessation of their administrative support. There would be, however, a cost associated with the administration of each IPA; and while this might not be directly borne by FRDC it would be carried somewhere and its quantum might well exceed the current level of expenditure. Given the complexity of calculating administrative costs under this approach I have treated this as a neutral element.

AGAINST

For many stakeholders, the strongest negative arises from industry control over the use of matching funds (ie the government's matching of industry contributions up to a maximum of 0.25 per cent of AGVP) – but they expressed similar concerns over the IPA model in general. It is, however, apparent that many fisheries and sectors do not have the commercial critical mass to support an IPA; that is the fundamental challenge when considering this option. A number of stakeholders also observed that an all-IPA approach would channel proportionally higher levels of funding to existing commercial fisheries, making the development of new fisheries less likely.

Respondents who were attracted to this approach conceded that "something would need to be done" to address smaller and/or emerging fisheries and sectors. Options included:

- a single "miscellaneous IPA"
- retention of a single FRAB
- creation of a number of non-industry (ie regional) partnership agreements

My assessment was that each of these possibilities amounted to the retention of at least part of the current model. In practical terms the total abolition of the FRAB network is neither desirable nor capable of implementation.

It is reasonable to predict that FRAB abolition would be strongly opposed by State and Territory government representatives, who would rightly see this as a diminution of their ability to shape the distribution of funds collected in their jurisdiction. Many stakeholders predicted a savage backlash should this option be pursued, including the potential withholding of funds. The likelihood of such action would be higher in some States than others but a negative response of some kind could be expected in every case.

Notwithstanding any predicted reaction, the fact that the government representatives in question include fisheries managers means that some mechanism would need to be found to include them in the process. This constitutes a genuine implementation challenge for the notional "all IPA" approach. Following the same line of reasoning, an all-IPA network has no inherent mechanism by which to gather input from the recreational and indigenous sectors and ensure those interests are respected.

The annual FRAB workshop, together with the work that precedes and follows it, is regarded as an effective mechanism for the setting and implementation of national priorities. The abolition of FRABs would require the development of a new consultation model which is potentially more complicated and expensive.

The abolition proposition was introduced as a radical option to stimulate stakeholders' thinking. As anticipated, I concluded the costs and risks of such an approach clearly outweigh its potential benefits and the option should not be pursued.

FRAB Autonomy

This option involves empowerment of the FRABs through the delivery of decision making authority, as opposed to the advisory role they currently perform. In essence this is a decentralising model that is based on the distribution of power and resources to local bodies. As such it demands a high level of confidence and trust in those bodies.

FOR

In principle the prime benefit to stakeholders of this extreme approach would be a shorter timeframe from project conception to delivery. Each FRAB could approach the task in a manner suited to its composition, culture and context, but an applicant with a project that ticked all the priority boxes could expect rapid access to the funds required. In addition, the newly empowered FRAB would be in a better position to marshal available non-FRDC funding in its jurisdiction; it follows that there would be an increase in co-funded projects and potentially better leveraging of FRDC investments.

This approach would relieve the FRDC Board of the obligation to consider and approve specific research proposals and thus enable it to take a more strategic and governance-oriented role. Accountability for the selection and oversight of projects would move to the FRABs and thus, in theory at least, closer to the stakeholders on whose behalf the research is conducted.

There would be a substantial impact on the roles and responsibilities of FRDC staff as the autonomous FRABS would require higher levels of support. This has been treated as a neutral factor for now but would clearly involve an internal transformation.

AGAINST

The initial and major concern about a network of autonomous FRABs is the wide variations of composition and skillset within the current network, and the challenge of ensuring that the right people are recruited to oversee the distribution of Commonwealth funds in the absence of any external or centralised control. Allied to this is the far greater commitment of time and burden of accountability that would be required of individual FRAB members.

Under this model one of the issues attached to the *status quo* would loom even larger, ie the "entrenched conflict where a research organisation that would benefit from the funding of a project is represented on the body that recommends projects for funding." The autonomy model moves the body in question from recommending to actually spending, so the conflict is sharpened and any perceptions held by external stakeholders of improper purpose or project selection bias would carry more weight.

Given that many FRAB respondents cited "setting research priorities for this State" before national priorities as the key FRAB role, it is reasonable to predict that the development and implementation of national priorities would be more challenging under this model. Machinery issues, such as the willingness and ability of the autonomous FRABs to interact effectively with subprograms and IPAs, would also be put under pressure.

The autonomy model was another approach under which the costs and risks would greatly outweigh the potential benefits. This option should not be pursued.

IPA-ise FRABs

This pathway involves the imposition of contractual or quasi-contractual obligations upon existing FRABs. On one level this could be seen as a transformation of each FRAB into a *Regional IPA* for the jurisdiction, accommodating all those fisheries with insufficient scale or scope to warrant the establishment of a *Species IPA* or *Sector IPA*. Alternately it might be regarded as a "tweak" to address some of the identified flaws of the existing approach

FOR

The main attraction of this approach would be a higher level of FRAB accountability for clearly defined expectations, matched on the FRDC side by an obligation to articulate those expectations. It would then be incumbent upon FRDC, having set out its expectations, to introduce an evaluation methodology and program.

In respect of the first limb, no Chair rejected the proposition that there should be some form of performance assessment for their FRAB based on clear objectives that are capable of measurement. Some expressed the view that this would make no material difference to their actual performance and they might well be correct; nevertheless it would be desirable to develop some evidence to support claims of high performance or counter allegations of the opposite.

On the FRDC side, some respondents considered that the existing service provider contract contained broad guidance and that FRABs should not be micro-managed in how to perform their contractual role. But the development of some form of schedule that set out minimum expectations and performance benchmarks was not opposed. Such a schedule would facilitate comparisons between FRABs and provide a basis for feedback and would be likely to improve overall network performance over time.

Several stakeholders raised the matter of actual and perceived conflicts of interest in this context. Some argued that potential beneficiaries of RD&E investment should provide input to but be kept out of FRAB decision making, while recognising the practical constraints on this model. The articulation of a clear *Conflict of Interest Charter* within any future statement of expectations (consistent with the existing FRDC conflicts protocol) appears highly desirable.

The development of a statement or schedule of expectations would represent an opportunity to revisit FRDC's expectations and close gaps (where they exist) between the contractual requirements and operational reality – for example, the provision of guidance and support to applicants.

If there was an intent on FRDC's part to involve FRABs in additional activities such as A&E, this would be a vehicle by which to do so. It might also be used as a mechanism to drive inter-FRAB co-operation and engagement by, for example, laying down a conference timetable. Furthermore, if it were seen as beneficial to mandate engagement with specific sectors and/or groups (such as indigenous or recreational fishers) then a schedule of key objectives could include such a requirement.

AGAINST

The case against introducing the small transformations embodied in this option is largely based on the current composition and capacity of the FRABs. One line of respondent objection was based on the inconsistent methods of appointment across the network and the fact that members' roles are honorary and part-time: performance comparisons might be seen as unreasonable and pointless.

The changes proposed would import some additional investigation and reporting requirements as well, which would be likely to fall to an already busy Executive Officer to execute. The additional resource commitments would also be felt on the FRDC side as its officers took on additional oversight responsibilities.

The greatest challenge for FRDC, however, would arise in the foreseeable circumstance that a FRAB failed to fulfil its contractual commitment – what would be an appropriate response? I have not attempted to craft an answer in this report, but simply note that the same question might well arise in respect of an IPA.

For this option it is important to note that "the devil is in the detail". FRAB Chairs and members who have expressed support for the principle of measurable objectives and dispassionate evaluation might well have concerns about what is included in the objectives to be measured. An argument against this approach would therefore be the risk that a FRAB or FRABs refuse to participate in the process of agreeing objectives, or to enter into the revised partnership agreement that emerges from it.

RECOMMENDATIONS

There was sufficient consensus in support of these changes to warrant a recommendation to introduce them, as set out below. The FRAB workshop discussion groups were united in their support for clarity and consistency of objectives and a coherent approach to planning and performance measurement.

RECOMMENDATION 1:

(i) Develop and implement a schedule of objectives and key performance indicators (KPIs) for FRABs.

(ii) As part of that schedule specify the competencies required within the FRAB membership, including representational elements if appropriate.

(iii) As part of that schedule, set down an agreed protocol for the management of conflicts of interest

(iv) Replace existing service provider contracts with "partnership agreements" that include these objectives and KPIs.

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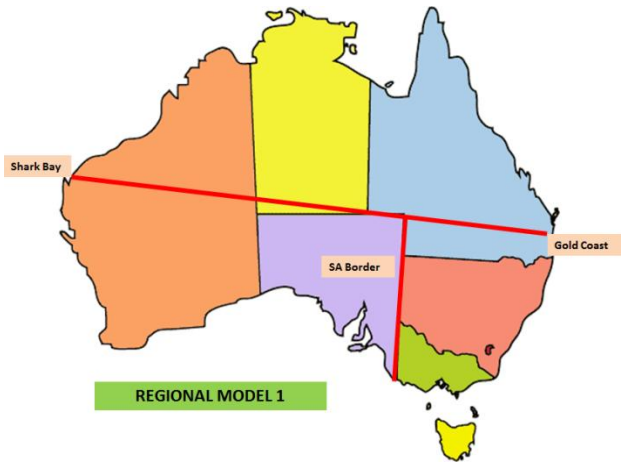
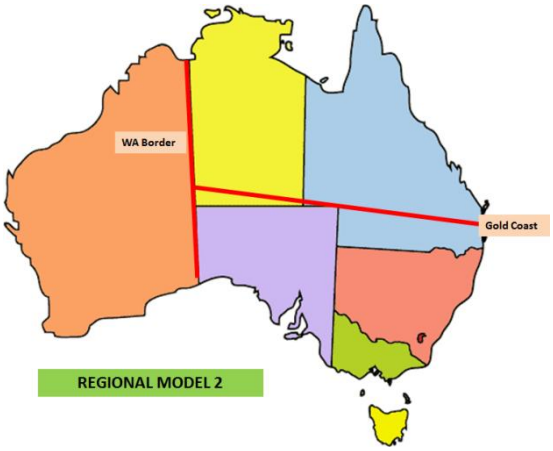
Regional FRABs

In this concept FRABs work in much the same way, with similar membership, but with the important difference that they are organised on a geographic rather than jurisdictional basis – for example, two possible configurations are depicted below.





FOR

The strongest conceptual arguments in favour of this reform are based on the likelihood that (for example) fishers in the north have more interests in common than fishers in Broome and Fremantle. From an industry perspective the Regional FRAB model would in some instances reduce to one the number of FRABs whose support is required in order to advance a project of the highest priority. The result should be an improvement in speed to approval/initiation.

At a higher level the dissolution of jurisdictional boundaries would be expected to alter the weighting of national vs territorial priorities in favour of the national agenda. In practical terms, the scenario outlined on page 12 above – where "the highest-priority, local impact projects of each jurisdiction are more likely to receive a funding recommendation even though the project with lower local priority but multi-jurisdictional impact would … more closely reflect national priorities" – should be eliminated.

Although there would no doubt be some robust internal debates, a regional model makes it less likely that the priority of a single government agency or research body could hold sway. Perhaps more importantly, there would be no basis for perceptions or allegations of project selection bias based on the need to support a particular institution or researcher.

The direct and demonstrable positive arising from this approach would obviously be a saving in costs. The reduction in numbers from eight to three (or four if COMFRAB is retained) generates a saving of at least $160,000 in administrative support even if unaccompanied by other changes. The need for FRDC officer attendance at meetings would also be halved.

The establishment of "Regional Research Hub" (RRH) infrastructure through the National Research Provider Network suggests another synergy benefit for the Regional FRAB design. Although they need not be co-located, it is conceivable that a regional advisory body could perform a governance, guidance and support function for a RRH. This would be especially plausible if the Executive Officer role in each FRAB were performed by an officer of FRDC as contemplated below.

A note of caution needs to be sounded here: the RRH model is in its infancy and early results are mixed. But I note the possibility that closer integration of RRHs with the proposed regional advisory bodies might help address perceived governance and/or performance shortfalls in both hubs and FRABs.

AGAINST

No respondent raised a sustained conceptual objection to the Regional FRAB model – all the statements I recorded that might be regarded as negative were centred on the implementation challenges that accompanied it. Two critical themes were raised by multiple stakeholders, ie:

- the role of State Governments in fisheries – in essence, any solution or model that sought to disregard State borders was seen to be doomed; and
- differences of opinion as to the appropriate regional boundaries should the model be adopted.

In relation to the first point, many respondents referred to the possibility that State government agencies would object to the establishment of a Regional FRAB, refuse to participate in it, and underline their objection by withholding funds. This view was strongly expressed by State departmental representatives and acknowledged by FRAB workshop participants.

A further specific criticism involved the loss of "network benefits", based on the view that a State FRAB could, as noted previously, "put together funding coalitions or simply direct projects away from the FRDC where an alternate source of funds was available". I note that if this is a function currently performed by a State FRAB then there is a good reason to retain that State-based body, but no reason why it should continue to be sponsored as a FRAB. Its deliberations would help to identify projects that were appropriate for introduction to the FRDC's funding mechanism by way of submission to the regional FRAB. No doubt at least one of its members would also be a member of the regional FRAB.

Some respondents were concerned about the increased travel costs that would be associated with a regional model. But others cited the availability of virtual/digital meeting models that could be deployed to improve the consultation processes of existing FRABs as well as supporting a regional approach. On balance I concluded that this was a neutral issue.

Another practical objection was that there is no obvious basis for the selection and appointment of members. I note, however, that the same is true of the *status quo*, in which there is no consistency around the appointment of FRAB members. Recommendation 1(ii) above attempts to counter this and would need to be carried forward into any Regional FRAB model.

CONCLUSIONS

There is an undeniable consensus as to the logic of a regional model, its efficiency, and the likelihood of greater effectiveness. Those considerations led to my initial recommendation, which was to "phase out the existing FRAB network and replace it with a model that involves three regional FRABs".

There was, however, an equally strong consensus that given the State and Territory role in fisheries management the Regional FRAB model is untenable as a national framework for the foreseeable future. But there is an opportunity to implement the model immediately on a trial/pilot basis in one region. This is the Northern/Tropical region – the area above the red line on Regional Model 1, above – which, according to participants in the FRAB workshop, is already operating on an informal basis. Those considerations led to the development of a "hybrid" model for immediate implementation subject to the resolution of resourcing and funding issues.

This model is discussed, together with other key implementation issues, in the next section.

IMPLEMENTATION ISSUES

Hybrid Model

Many participants at the FRAB Conference endorsed a hybrid approach that comprised three real or virtual entities:

- the North, including all of the Northern Territory and parts of Queensland and WA – to be formalised as a "real" entity reflecting the model that already exists;
- the Commonwealth FRAB, which would be maintained as it is; and
- the South – a "virtual" entity co-existing with the current FRABs.

I have adopted this approach herein, with one adjustment: the designation of two virtual entities for the South to reflect the South-East/South-West demarcation that would be practically desirable from a workload perspective. The bodies that currently exist within those regions would become "jurisdictional fishery advisory bodies" (JFABs). Note: this approach is agnostic as to where the border between South-East and South-West might lie and where their notional headquarters might be located.

Under this approach FRDC officers would take on the EO role for the three Regional FRABs (one real, two virtual): see discussion in next section. Those three officers might also serve, subject to the approval of the relevant jurisdictions, as EOs of the JFABs. Each JFAB could choose between this arrangement, its current administrative approach or such new arrangements as it desired. If the JFAB were to choose an alternative EO model it would do so without FRDC financial support.

Where a JFAB chooses to maintain its own EO there would necessarily be a direct, ongoing relationship between that individual and the Regional FRAB EO. The division of labour between them would be a matter for negotiation from time to time as the FRAB-JFAB relationship develops and matures.

Should the hybrid model be adopted the Regional FRABs would effectively become FRDC committees and the FRAB Service Provider contracts would cease to apply. Nevertheless there remains a need for an explicit "schedule of objectives and key performance indicators" (see Recommendation 1) as a basis for directing and assessing the performance of each FRAB, be it real or virtual. While the schedule would not have contractual force there would arguably be an even greater need for it as the network enters a period of structural fluidity.

For each of the two southern FRABs, the ability to meet specified goals would be largely dependent on the effectiveness of the JFABs in its region. Those bodies would retain their existing roles, including priority setting, advice to and from stakeholder groups and advice to FRDC. In respect of the last of these roles, advice as to the appropriateness and priority of applications would be collated at the Regional FRAB level.

RECOMMENDATION 2:

(i) Designate three 'FRAB Regions';

(ii) Formalise the operation of the Northern Regional FRAB forthwith;

(iii) Operate the South-East and South-West FRABs as virtual entities that provide co-ordination and support to the jurisdictional fishery advisory bodies (JFABs) in their regions;

(iv) Subject to jurisdictional approval, appoint each Regional FRAB EO to serve as EO of the JFABs in that region; and

(v) Discontinue the provision of administrative funding to JFABs.

FRAB Executive – FRDC Role

The Executive Officer of each existing FRAB is a part-time officer of another enterprise whose wage is subsidised by FRDC. At the same time, all FRAB meetings are attended by a FRDC officer. A number of challenges arise from this approach, including potential for:

- conflicts of interest affecting the Executive Officers; and
- duplication of activities, representing a waste of FRDC resources.

Under a regional model there would be an additional problem: the appropriate "service provider" to supply the resource is not immediately obvious. One solution to these current and potential problems would be to designate an officer of FRDC as the Executive Officer of each Regional FRAB. This solution is made more attractive by the Government's imperative to regionalise FRDC operations: the designated FRDC officer could work from the same location as the Regional FRAB headquarters.

The appointment of eight FRDC staff members as Executive Officers in the current system would not be viable. But if there were only three Regional FRABs it would clearly be preferable to provide direct administrative support via FRDC personnel than to make a $320,000pa contribution to the budgets of other organisations. The same officer who becomes responsible for the support of a given Regional FRAB could be assigned specific responsibilities for the regional research hub with which that FRAB is notionally aligned (see above, pp 19-20). I recommend accordingly.

RECOMMENDATION 3:

Appoint an FRDC officer as Executive Officer (EO) for each Regional FRAB.

FRAB Location & Accommodation

There is no basis on which to designate appropriate sites for each FRAB's administration since the boundaries of each Regional FRAB's territory need to be discussed and negotiated. I do note, however, that placing that activity in the premises of a State Fishers Association or Fisheries Department will cease to be appropriate in a regional or hybrid future. Location has been driven by the full-time role of the part-time Executive Officer in any case, so the use of FRDC staff in this capacity (as contemplated in Recommendation 2 above) militates against such an arrangement.

A better option would be for each FRAB administration – which has become effectively a committee of the FRDC – to find a home with a research enterprise such as another industry body (eg Dairy Australia) or Commonwealth RD&E Corporation. I recommend accordingly.

RECOMMENDATION 4:

Co-locate Regional FRAB administration in non-fishery research body premises to be decided through discussion and negotiation with State and Territory stakeholders.

SUMMARY OF RECOMMENDATIONS

1.
(i) Develop and implement a schedule of objectives and key performance indicators (KPIs) for FRABs.

(ii) As part of that schedule specify the competencies required within the FRAB membership, including representational elements if appropriate.

(iii) As part of that schedule, set down an agreed protocol for the management of conflicts of interest

(iv) Replace existing service provider contracts with “partnership agreements” that include these objectives and KPIs.

2.
(i) Designate three ‘FRAB Regions’;

(ii) Formalise the operation of the Northern Regional FRAB forthwith;

(iii) Operate the South-East and South-West FRABs as virtual entities that provide co-ordination and support to the JFABs in their regions;

(iv) Subject to jurisdictional approval, appoint each Regional FRAB EO to serve as EO of the JFABs in that region; and

(v) Discontinue the provision of administrative funding to JFABs.

3. Appoint an FRDC officer as Executive Officer (EO) for each Regional FRAB.

4. Co-locate Regional FRAB administration in non-fishery research body premises to be decided through discussion and negotiation with State and Territory stakeholders.

APPENDIX 1: STAKEHOLDERS CONSULTED

NAME	ORGANISATION	NAME	ORGANISATION
Hon Harry Woods	FRDC Chair	Neil Stump	Tasmanian Seafood Industry Council
Renata Brooks	FRDC Board	Jonas Woolford	Wild Catch Fisheries South Australia
Patrick Hone	FRDC Board	John Lloyd	Horticulture Australia
Brett McCallum	FRDC Board	Tom Lewis	Oysters Tasmania
Dr Bruce Mapstone	FRDC Board	Alex Ogg	Operations Manager WAFIC
Dr Peter O'Brien	FRDC Board	Lindsay Joll	WA Fisheries/ WA FRAB
Adam Main	Tasmanian Salmonid Association	Rick Fletcher	WA Fisheries/ WA FRAB
Dean Lisson	Abalone Council of Australia	Tony Tate	WA FRAB
Rachel King	Oysters Australia	Glenn Schipp	NT Fisheries Development/ FRAB
Ian Cartwright	TasFRAB and ComFRAB	Craig Ingram	EO AFANT/ NT FRAB
James Fogarty	Qld FRAB	Dr Thor Saunders	Principal Research Scientist
John McMath	Western Rock Lobster Council Inc	Robert Carne	Indigenous Reference Group
Peter Dundas-Smith	NSW FRAB	Katherine Winchester	NT Seafood Industry Council
Peter Rankin	VicFRAB	Bob Creese	Department of Primary Industries (NSW)
Bryan McDonald	NT FRAB	Geoff Allan	Department of Primary Industries (NSW)

NAME	ORGANISATION	NAME	ORGANISATION
John Harrison	WA FRAB	Gordon Neil	Dept of Agriculture - Commonwealth
Rory McEwan	SA FRAB	James Findlay	Australian Fisheries Management Authority
Pheroze Jungawalla	National Aquaculture Council	Sean Sloan	Department of Primary Industries and Regions South Australia
Renee Vajtauer	Commonwealth Fisheries Association	Rob Gott	Department of Primary Industries, Parks, Water and Environment (TAS)
Matt West	Australian Prawn Farmers Association	Scott Spencer	Department of Agriculture Fisheries and Forestry (QLD)
Matt Barwick	Recfishing Research	Tony Charles	APFA IPA
Mark Crane	Aquatic Animal Health Subprogram	Brian Jeffries	ASBTIA IPA
Chris Calogeras	Indigenous Reference Group	Alan Snow	Askonsulting
John Harvey	Grains RDC	Ian Curnow	Chair AFMF
Bruce Finney	Cotton RDC	Paul Pak Poy	Dept. of Agriculture
Andrew Spencer	Australian Pork Ltd	Stan Lui	IRG Chair
Tricia Beattie	Executive Officer NSW PFA	Natalie Manahan	ViC FRAB EO
Emily Mantilla	SCRC	Jenny Cobcroft	UTAS IPA
Graham Mair	SCRC	Emily Ogier	SSERCP Leader
Jayne Gallagher	SCRC	Gail Richardson	TAS FRAB EO
Kylie Leppa	SA FRAB EO		