

Departmental Response to the Independent audit of the Recreational Fishing Trust

The NSW Department of Primary Industries and Regional Development (DPIRD) is committed to an effective RFT grants program that continues to operate with appropriate governance and controls to ensure the highest standards of accountability and transparency. DPIRD supports all of the recommendations in the *Independent audit of the Recreational Fishing Trust* to provide certainty to stakeholders about the program being administered honestly, impartially and with integrity.

Recommendation	Departmental response
<i>Grant assessment process</i>	
Recommendation 1 Management should update the Grant Eligibility Criteria to reflect: <ul style="list-style-type: none"> a. all types of projects that can be funded, and b. they fall within the requirements of the Fisheries Management Act. 	Supported The eligibility criteria section of the Recreational Fishing Trusts (RFT) funding guidelines ('the Funding Guidelines') <i>will be updated</i> in line with this recommendation. The Department notes that the independent audit found that the RFT projects considered in the scope of the audit (those that were approved in 2022/23) are consistent with what can be approved and funded under the <i>Fisheries Management Act 1994</i> (the Act). Note: Sections 234(2) and 235(2) of the Act set out the purposes in which RFT funds can be used for.

<p>Recommendation 2</p> <p>A Grants Eligibility Checklist should be developed. Once complete, it should be attached to every grant application which is forwarded to the Expenditure Committee/s. Ineligible grant applications should be excluded from consideration but reported to the Expenditure Committee for their endorsement.</p>	<p>Supported</p> <p>A Grants Eligibility Checklist will be developed to be used as described in the recommendation.</p>
<p>Recommendation 3</p> <p>An assessment criterion for each grant platform should be developed. Once completed, a formalised process, to demonstrate the assessment has been carried out against these guidelines, should be introduced e.g. applications could be scored and ranked which would demonstrate additional transparency.</p>	<p>Supported</p> <p>The Department will establish a more formalised assessment process using separate assessment criterion for each grant platform.</p> <p>Note, the current grant platforms outlined in the Funding Guidelines are as follows:</p> <ul style="list-style-type: none"> • Recreational fishing education • Fishing access and facilities • Research on fish and recreational fishing • Aquatic habitat rehabilitation and protection • Recreational fishing enhancement • Enforcement of fishing rules.
<p>Recommendation 4</p> <p>A process should be established whereby the Expenditure Committees are advised of all applicants who have had previous funding and the outcome and/or progress of such funding to help make an informed decision.</p>	<p>Supported</p> <p>The recommended process will be established.</p>

<p>Recommendation 5</p> <p>A Risk Assessment should be undertaken on the grants program as required by the NSW Government Grant Administration Guidelines. Consistent with those guidelines a probity advisor should be engaged “for all grant opportunities that are complex, high-risk or high value, to support the design, application, assessment and decision-making phases” if the assessment reaches this threshold.</p>	<p>Supported</p> <p>The Department will undertake the recommended risk assessment for the RFT Grants Program in accordance with the DPIRD ’s risk management framework.</p>
<p>Recommendation 6</p> <p>A Fraud and Corruption Risk Assessment should be undertaken, and Fraud and Corruption Plan should be developed for the grants program arising from that assessment.</p>	<p>Supported</p> <p>The Department will undertake the recommended risk assessment and Plan for fraud and corruption. Note, the RFT is also subject to the following existing reporting and audit activity:</p> <ul style="list-style-type: none"> • Financial statements on the RFT are included in DRNSW’s Annual Report. • A special purpose financial report on all fisheries trusts (including the RFT) is prepared annually by the NSW Audit Office. • Periodical audits as part of the DRNSW Internal Audit Program on RFT funds and programs. • An interactive Recreational Fishing Trust Annual Report was launched online in 2020/21 to further increase accountability and transparency and highlight the diversity of initiatives supported by the Trusts. The 2022/23 report was tabled in Parliament last year - www.dpi.nsw.gov.au/fishing/recreational/recreational-fishing-fee/rft-annual-report

<p>Recommendation 7</p> <p>Expertise should be sought to provide advice to the Expenditure Committees and RFNSW on applications for research. Similar expertise should be sought on high-cost construction projects where DPI does not have established standards. Where these projects are not occurring within DPI, such expertise should be drawn from the Department. Where the DPI is the applicant, such advice should be from outside of the Department.</p>	<p>Supported</p> <p>The Department is well placed to advise on non-DPIRD research applications as it has extensive research expertise and capacity and is ranked in the top 1 per cent of research institutes globally, including in the field of fisheries research. DPIRD fisheries researchers have expertise across all aquatic environments and across a range of research and development disciplines.</p> <p>In relation to DPIRD research applications, external advice will be sought to advise the expenditure committees and RFNSW on these applications. All DPIRD projects funded from the RFT go through the same application, review, recommendation and approval processes as all other applications.</p> <p>The Department will consult NSW Public Works, a separate division within DPIRD, to seek expert advice as required on high-cost construction projects.</p>
<p>Recommendation 8</p> <p>Set times for annual grants rounds should be established to maximise transparency for the process and to allow interested parties to adequately plan for the funding rounds.</p>	<p>Supported</p> <p>The Department will implement this recommended approach.</p>
<p>Recommendation 9</p> <p>RFNSW should provide a greater degree of transparency in its minutes as to its consideration of Expenditure Committee recommendations. This could be as simple as referencing the Expenditure Committee Meeting on which it is basing its recommendations.</p>	<p>Supported</p> <p>The Department will implement this recommended approach.</p>
<p>Recommendation 10</p> <p>The Recreational Fishing Trusts Funding Guidelines should be revised to reflect the changes to processes that arise from the audit recommendations.</p>	<p>SupportedThe Department will implement this recommended revision to the Guidelines.</p>

<i>Board composition and processes</i>	
<p>Recommendation 11</p> <p>The Charter of RFNSW should be updated to include the following:</p> <ol style="list-style-type: none"> 1. Member terms should be limited to two unless there is a compelling reason for them to be extended. 2. The term expiration of members should be staggered so that a maximum of 50% of the positions become vacant at any one time to ensure continuity of experience and knowledge. 	<p>Supported</p> <p>The Department will implement this recommendation as an appropriate approach to balancing the benefits of membership being refreshed, but also ensuring membership includes continuity provided by experienced members. The Department is also committed to meeting the standards of the <i>NSW Government Boards and Committees Guidelines</i> and the <i>Public Service Commission Appointment Standards for Boards and Committees in the NSW Public Sector</i>.</p>
<p>Recommendation 12</p> <p>The Code of Conduct should be updated to cover the issue of lobbying.</p>	<p>Supported</p> <p>The Department will implement this recommended approach to update the existing Code of Conduct. It is noted that the independent audit found no evidence that lobbying has influenced decisions or outcomes.</p>
<p>Recommendation 13</p> <p>The positions of the DPI representative should be changed from a voting member to a nonvoting member on all the three committees.</p>	<p>Supported</p> <p>The Department supports this recommended change and notes the finding that during the period of the audit (2022/23), DPIRD representative did not attend any of the Expenditure Committee meetings and did not participate in any grant assessments. In addition, DPIRD representative has not participated in voting during past assessments of grant and DPIRD RFT project applications.</p>
<p>Recommendation 14</p> <p>Develop a new charter for both of the Expenditure Committees. The Members Handbook should be the basis of the charter, but membership conditions should reflect recommendations 11-13.</p>	<p>Supported</p> <p>The Department will implement this recommended approach.</p>
<i>Alignment of priorities</i>	

Recommendation 15 If/when new priorities are agreed to by the Minister, the current funding ‘platforms’ against which funding is granted should be updated to reflect the new priorities.	Supported The Department will implement this recommended approach. noting the current funding platforms (outlined in the response to recommendation 3) have been informed by comprehensive recreational fishing licence holder surveys of the Recreational Fishing Trusts. These surveys continue to show widespread support for the current range of programs that receive funding from the Trusts.
Recommendation 16 Develop a joint, annual process for RFNSW and the Expenditure Committees to review and agree on priorities for funding. Funding rounds should consider the priority areas when making recommendations on grant applications.	Supported The Department will implement this recommended approach.
<i>Conflicts of interest and separation of duties</i>	
Recommendation 17 Clear guidelines should be developed which outlines the process to be undertaken when faced with either a conflict of interest or segregation duties issue at any stage of the Grant process (grant applications, assessment, management, reporting and reconciliation). This process should clearly articulate in the rules with specific regard to DPI staff not being able to participate in Expenditure Committee or Advisory Council discussions on applications received from the Department.	Supported The Department will implement this recommended approach.
Inadequate transparency in relation to grant progress and outcomes	
Recommendation 18 DPI should recommence the practice of providing a status update of all projects to the Advisory Council and Expenditure Committees. This should provide updates on the status of projects such as how many have commenced; how many are delayed and whether milestones have been met.	Supported The Department will implement this recommended approach and will consider how to best provide this project status update to the Advisory Council and Expenditure Committees in an efficient and effective manner, noting there are currently over 350 active RFT projects.

Recommendation 19 DPI should include a comprehensive update on the completion or status of funded projects in its Annual Report.	Supported The Department will implement this recommended approach.
Recommendation 20 To ensure transparency of DPI projects, the Advisory Council and Expenditure Committees should receive specific briefings on all DPI projects.	Supported The Department will implement this recommended approach.
Recommendation 21 Funding deeds should have a greater focus on reporting outcomes and benefits rather than just outputs.	Supported The Department will implement this recommended approach
<i>License fees and debt management</i>	
Recommendation 22 Strengthen the current reconciliation process to ensure all licence numbers have been accounted for in previous months when a licence book has been completed and returned by an agent.	Supported The Department will implement this recommended approach.
Recommendation 23 Review and if necessary, update the debt management policy and related procedures.	Supported The Department will implement this recommended approach. While the debt management policy only applies to the network of agents who provide manual recreational fishing fee payment receipting services, accounting for around five per cent of license fee sales, the Department supports reviewing the debt management policy and related procedures. Note, electronic payment channels account for around 95 per cent of sales.
Recommendation 24 Implement appropriate document control procedures to ensure work instructions are reviewed and updated in a timely manner.	Supported The Department will implement this recommended approach.

<i>Operational overhead costing rate</i>	
Recommendation 25 Develop adequate framework /guidance documentation for administration of the overhead costing rates.	Supported The Department will implement this recommended approach.
Recommendation 26 Perform a review of the operational overhead costing rate policy and the associated rate to ensure it is relevant and adequately reflects existing operational landscape.	Supported The Department supports this recommended review noting the overhead costing rate has remained unchanged since 2006. The current operational overhead rate included in DPIRD Recreational Fishing Trust applications is 48% of the base staff wage. Operational overhead costs relate to indirect (non-salary) employee related costs, for example office accommodation and running costs, ICT services and support, Corporate and Human Resources support, Legal Services etc.