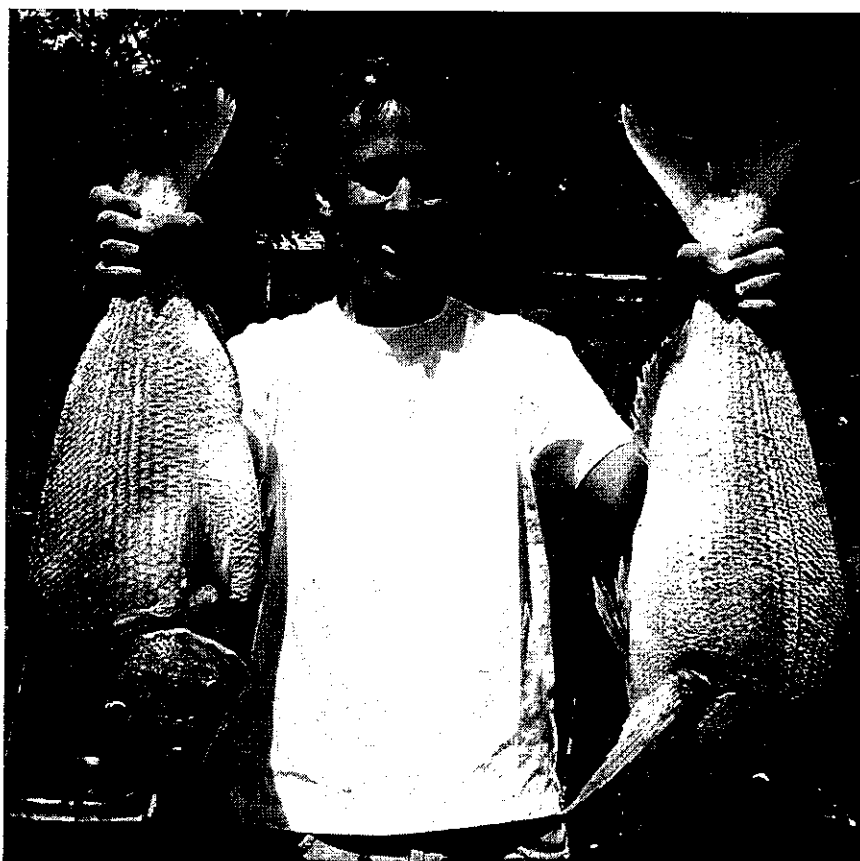


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Department of Primary Industries

Recreational fishing program delivery
governance project: concept exploration



7 February 2010

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Cover page: picture courtesy of Alex Richardson – a keen recreational angler and colleague with two Port Phillip Bay snapper.

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1 Executive summary

1.1 Purpose of this report

The Department of Primary Industries (DPI), in conjunction with VRFish and Futurefish Foundation, has sought advice on options to establish an entity to efficiently deliver certain recreational fishing programs in Victoria. A second stage report, if pursued, will provide a detailed proposal for implementation of the recommended model(s).

Opportunities for recreational fishing are currently enhanced through programs delivered by various organisations. Fisheries Victoria (FV), a division of the DPI, delivers large and medium projects and a range of services to fisheries stakeholders. Other government agencies, FutureFish Foundation, VRFish and angling clubs also deliver medium and smaller programs that enhance recreational fishing opportunities.

FV is exploring models for dedicated entities that will enhance the effectiveness and efficiency of project delivery compared to current arrangements. FV's primary responsibility is to manage the legislative and policy framework for Victorian fisheries. In particular, this entity would have the necessary technical and professional skills to manage the delivery of large projects (and some medium projects), including contracting with third parties for actual on-ground delivery.

The scope of this report is therefore to consider the options for an entity (or arrangement) to provide efficient large and medium recreational fishing project and program delivery services to the Victorian community.

1.2 Which scope of functions?

A critical stage in developing the proposed entity is to consider its possible functions. Based on discussion with the steering committee, two possible sets of functions for the entity are considered:

- The basic or core set of functions envisaged for the entity is the delivery of medium and large programs to improve opportunities for recreational fishing, as and when the service is required by FV
- Enhanced or extended functions, in addition to basic functions, would not confine the entity to services specifically commissioned by FV. It would be able to promote, develop, fund and undertake projects and programs in an independent and entrepreneurial way, including in partnership with other stakeholders, within the context of government policy constraints and community expectations to provide improved opportunities for recreational fishing in Victoria.

The entity would not have a role in formulating (or advocating) legislative or policy relevant to fisheries management.

The form that the entity takes is defined by the functions it must perform. The basic functions would imply a largely reactive entity or arrangement — providing dedicated and efficient project delivery through access to the requisite technical and professional skills — whereas an enhanced set of functions implies a proactive, entrepreneurial entity of substance, requiring some degree of autonomy.

For the purpose of analysis in this report, we have assumed the basic and enhanced functions represent an initial and mature stage of the entity. However, either set of functions could reflect the final scope of the entity. Defining the set of functions to actually be performed by the entity is required to determine the most suitable form for the proposed entity. Given its greater complexity, for the purpose of this report, we have focused on entity forms that would be capable of performing the enhanced functions.

The final preferred set of functions to be performed will define the form of the entity, its governance arrangements including the relationship with FV, and the scale of funding and projects required to

ensure continuity of operations. This is the initial key decision required to enable further progress in developing the entity.

1.2.1 Analysis of entity forms

The selection of a form for the proposed entity will necessarily require informed trade-offs of the advantages and disadvantages of options. To facilitate a qualitative assessment of options against the current arrangements, we have used the following criteria:

- Efficacy in achieving entity objective
- Ability to achieve desired outcomes at least cost
- Transparency of decision making
- Dynamic efficiency.

Various legal forms have been considered for their ability to perform the two sets of functions described in section 1.2. These forms are discussed in more detail in Chapter 5. While most functions can be performed by an entity of any legal form, some forms have certain limitations that may restrict activities required to facilitate performance of the entity's functions.

- Forms that would not facilitate the provision of the enhanced functions are not considered further — an incorporated association or a (stand-alone) charitable trust could not undertake the more entrepreneurial functions that may imply retention of profit at least over the short term
- Similarly, a private trust is partly limited in its ability to enter into partnerships or joint ventures and attract loans, and is not considered further
- Of the three remaining company forms, a public company would imply administrative cost for little purpose unless public listing was intended. On the other hand, the proprietary company and company limited by guarantee forms (private companies) have similar structures and could be established by government, with government as the sole shareholder.

Based on our initial assessment of limitations associated with some of the possible legal structures in performing the enhanced functions, we have focused our analysis of forms on a service agency contracting model, a statutory authority and a private company (with government as the sole shareholder) with associated charitable trust.

The Steering Committee has expressed a desire that the entity perform its functions in a not-for-profit manner. Each entity form outlined above is capable of performing the functions as a not-for-profit entity. The not-for-profit status could be made explicit in the instrument establishing the entity.

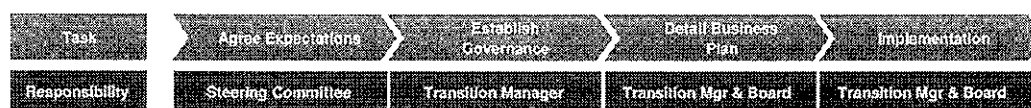
1.3 What transition path to the new entity?

A decision is required as to whether interim stages of implementation are warranted, or whether to proceed directly to an entity capable of performing the preferred functions.

Interim stages allow for a structured transition determined by availability of funds and scope of projects. Interim stages could be (a) from internal departmental delivery to a service agency form limited to basic functions, (b) from a service agency form to an external entity, either a statutory authority or company, enabling provision of enhanced functions. The alternate transition arrangement is to establish and operationalise a model for performing the preferred functions from the outset.

At each transition stage, establishing each new entity will require a structured transition process. This process is defined broadly in Figure E.1 below.

Figure E.1: Structured transition process



1.4 What are the triggers for transition stages?

The scale of committed and forecast funding and projects goes to the heart of ensuring a critical mass to support establishment of a new entity and to sustain operations. Attracting, retaining and fully utilising suitably qualified personnel also require the profile of funding and project delivery to be consistent and predictable.

First, there is a need to establish whether sufficient scale exists in forecast projects and funding to support the establishment of an internal delivery agency to perform basic functions. Sufficient funding in addition to a consistent and predictable flow of projects would need to be available to cover establishment, administration costs and staff salaries. An initial estimate for these costs to cover years 0 to 3 for a service agency is approximately \$2 million.

Second, sufficient scale to support establishment and operation of an external delivery agency to perform enhanced functions needs to be secured. An initial estimate for the total establishment, administration costs and staff salaries for years 0 to 3 for a statutory authority is approximately \$2.6 million, and for a private company at \$2.5 million.

As a guide based on comparable program delivery entities, salaries and administrative costs typically represent in the order of 15 to 20% of total funds available for projects. Using the estimates above, funds available for projects to be delivered would need to be in the order of \$10 million to \$17 million over three years. It must be noted that this ratio is only indicative. However, it does provide a useful guide to the scale of projects and funds required to sustain the entity.

1.5 A statutory authority or company to provide enhanced functions?

If sufficient scale exists to justify establishment of an external delivery entity, the remaining choice is between the statutory authority and the private company.

Administrative costs and constraints on responsiveness to emerging opportunities and commercial incentives limit the service agency's ability to perform the enhanced functions. Both the statutory entity and private company could perform a more enhanced set of functions.

The main trade-offs between these models relate to governance arrangements to ensure accountability, and the degree of flexibility in performing the enhanced functions. The statutory authority model may have greater transparency of decision making than the standard company model due to government and parliamentary disclosure requirements. However, reporting requirements of the company model could be enhanced to require reporting to FV or DPI.

It is anticipated that the private company would have the greatest degree of flexibility of the alternate models. On balance, this would drive innovation and entrepreneurialism required for the full set of enhanced functions to a greater extent than the alternative. A private company would also have the capacity to operate outside of Victoria.

1.6 Key questions to consider

This report explores the concept and alternatives available for a dedicated entity to deliver medium and large recreational fishing enhancement projects. Some key questions remain to be resolved:

1. Which scope of functions should an entity cover? Should the delivery entity be capable and have capacity to deliver all enhanced functions?
2. Should the transition from current internal departmental delivery to a dedicated internal or external entity be staged?
3. If there is a staged transition, what is the minimum funding, scale and profile of recreational fishing enhancement projects the entity will require to warrant the costs of adopting (a) a service agency form and (b) a statutory authority or company form?

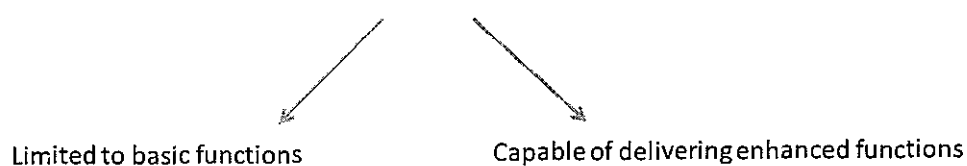
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4. If enhanced functions are to be delivered by the entity, is a statutory authority form or a private company form preferred?

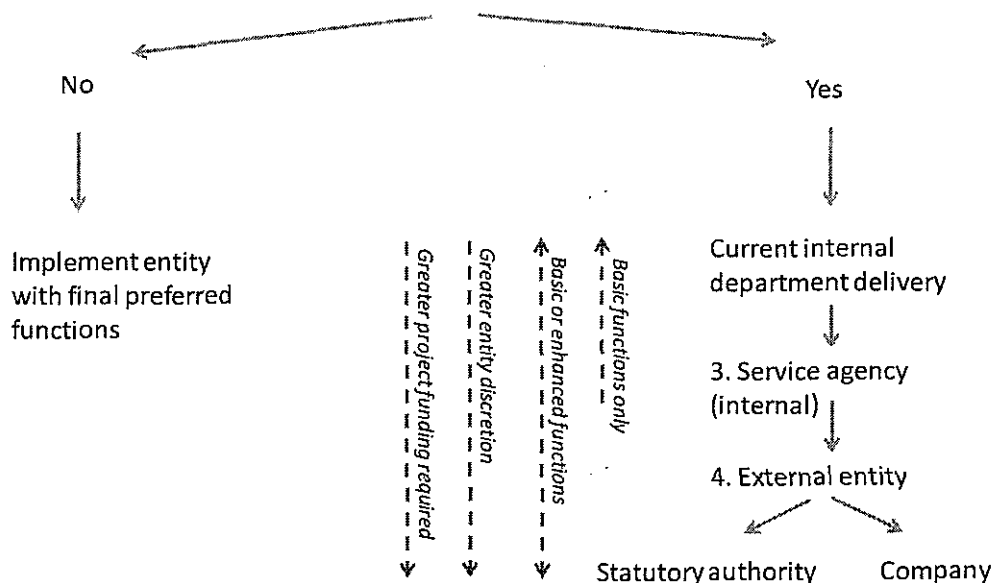
Transitioning to the new entity for delivery of recreational fishing enhancement programs has several key decision points related to the key questions outlined above. These decision points and trade-offs are outlined below in Figure E.2.

Figure E.2: Decision points in transition

1. Which scope of functions should an entity cover?



2. Should the transition from current internal department delivery to a dedicated internal or external entity be staged?



2 Introduction

2.1 Purpose of this report

The Department of Primary Industries (DPI), in conjunction with VRFish and Futurefish Foundation, has sought advice on options to establish an entity to efficiently deliver certain recreational fishing programs in Victoria.

Specifically, in this first stage report, we have:

- Identified and described the potential range of recreational fishing enhancement programs that could be delivered by an entity
- Identified and examined potential private and public governance models relevant to program delivery, including their strengths, weaknesses and likely costs of operation, with reference to comparable case studies
- Identified and analysed any potential risks to the Victorian Government and key stakeholders (including any likely transitional issues) and risk mitigation strategies
- Advised on the detailed public policy and governance arrangements necessary to implement each model option, if different from the current arrangements.

A second stage report, if pursued, will provide a detailed proposal for implementation of the preferred model.

2.2 Recreational fisheries projects

Opportunities for recreational fishing are enhanced through programs delivered by various organisations. Fisheries Victoria (FV), a division of the DPI, delivers large and medium projects and a range of services to fisheries stakeholders. Other government agencies, Futurefish Foundation, VRFish and angling clubs also deliver medium and smaller scale programs to enhance recreational fishing opportunities.

These programs contribute to:

- Improving access to fisheries for recreational fishers
- Enhancing fishery sustainability and habitat
- Conducting recreational fisheries related research
- Delivering fisheries related education, information and training.

The Minister for Agriculture, with advice from FV, decides on priority areas for investment to enhance recreational fishing opportunities. Decision making is informed through consultation with stakeholders, including regional forums, state-wide forums, local recreational fishing forums and the Recreational Fishing Grants Program Working Group.

Once identified, there are two primary sources of funding of priority investments.

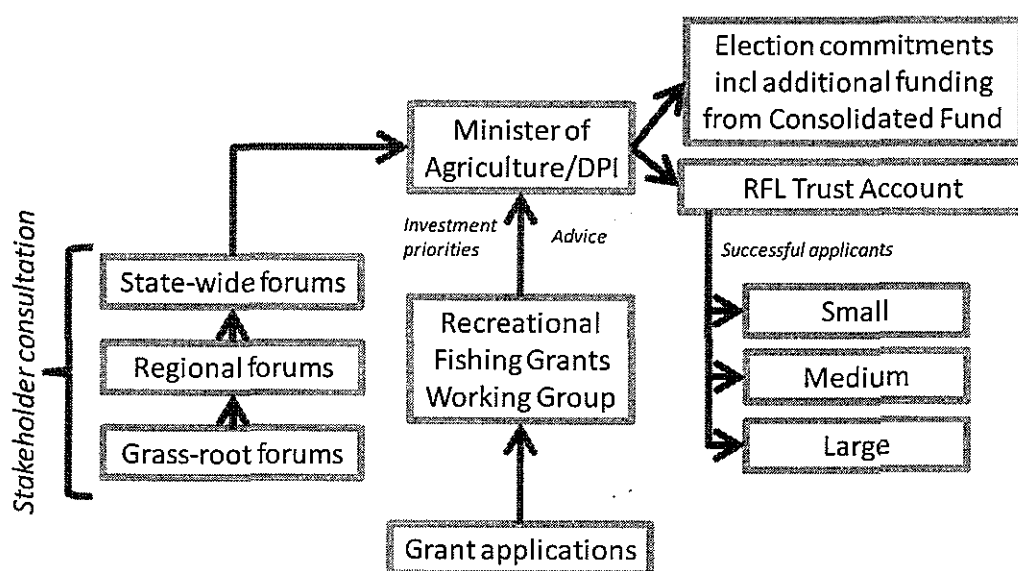
Firstly, the *Fisheries Act 1995* (the Act) enables recreational fishery licences to be issued and provides for the establishment of a Recreational Fishing Licence Trust Account (the Trust). The Minister is enabled to determine amounts to be paid out of the account for the purposes of improving recreational fishing.¹ A portion of the funds from the Trust are distributed to eligible projects through the Recreational Fishing Grants Program (RFGP). RFGP distributes \$1.2 million each year to approximately 20 small and medium scale community based local projects.

¹ The Fisheries Act 1995, s.151B

The other source of funding is budget funding for significant and state-wide initiatives delivered through government agencies and as tendered projects by contractors.

A new Recreational Fishing Grants Working Group has been formed to provide advice to the Minister for Agriculture on the expenditure of all Recreational Fishing Licence Trust Account funds. This group also ensures funds are used for projects that align with investment priorities established by the Minister.

Figure 2.1: Current institutional arrangements for recreational fisheries



The Working Group will assess and provide advice to the Minister for Agriculture on applications for grants under the RFGP. However, much of the RFGP funding is directed to angling clubs and associations for small and medium scale projects. Some large projects are not RFGP funded, but are instead funded from election commitments and additional budget appropriations.

For the purposes of our analysis we will classify recreational fishing projects as small, medium or large, where:

- *Small projects* are typically those delivered through RFGP grants to angling clubs, local government and other community based recreational fishing organisations. Examples of small projects in 2007-08 included constructing two new fishing platforms on Jubilee Lake, Daylesford and taking disadvantaged primary school children fishing
- *Medium projects* may also be funded through RFGP grants but require an organisation of some substance, such as VRFish and Futurefish Foundation, to deliver projects given their scale or coverage. An example of a medium project is the construction of the recreational fishing pontoon on the Eildon Pondage by VRFish with RFGP funding
- *Large projects* are programs or infrastructure projects that are substantial in terms of their budget, risk or prolonged delivery period, such as the projects currently funded from an election commitment of \$13.5 million for the *Enhanced Recreational Fishing Program*, and delivered primarily by FV and Marine Safety Victoria. Examples of large projects include expanding the educational programs through the Marine Discovery Centre and producing fish for stocking purposes (including building a new native fish production facility).

FV is exploring models for dedicated entities to enhance efficiency of project delivery. In particular, this entity would have the necessary technical and commercial skills to manage the delivery of large projects (and some medium projects), including contracting with third parties for actual on-ground delivery.

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Setting up a specific project delivery entity requires sufficient scale. In this context, scale refers to:

- The anticipated funds available for recreational fishing enhancement projects and the likely share received by the entity
- The number and size of individual projects.

Scale is important to ensure the critical mass to cover establishment costs and the continuity of operation of the entity.

Finding: Scope

The scope of this report is therefore to consider the options for an entity (or arrangement) to provide efficient recreational fishing project and program delivery services to the Victorian community. The projects and programs considered for such an entity are large and medium. Small projects would remain funded through the RFGP in response to applications, and for delivery by angling clubs, local government and other community based recreational fishing organisations. The entity would not be an applicant for funding under the RFGP. Therefore large and medium projects would need to be tendered publicly by DPI or assigned exclusively to the new delivery entity, following any relevant consultation processes.

2.3 This report

This report sets out options for consideration in establishing an entity to deliver recreational fishing projects. The report has been developed through desktop research and analysis, consultation with DPI staff and discussion with the project steering committee comprising FV, VRFish and Futurefish Foundation representatives. As agreed at the steering committee, this draft report sets out entity options for two possible scopes of functions.

- Section 3 of this report outlines the two possible sets of functions for the entity and how these sets of functions affect the form of the entity
- Section 4 outlines the assessment criteria framework to be used to assess the different entity options and briefly considers the current arrangements against which the options can be assessed
- Section 5 outlines the various legal forms the entity could take and presents 3 possible entity form options that are then assessed against the assessment criteria
- Section 6 outlines key steps required to transition from existing arrangements to each of the entity form options.

3 Functions

3.1 Scope

A critical stage in developing the proposed entity is to consider its possible functions. Based on discussion with the steering committee, two possible sets of functions for the entity are considered. Common across both sets of functions is that the entity will procure actual on-ground project delivery services from third parties.

3.1.1 Basic functions

The basic or core set of functions envisaged for the entity is the delivery of medium and large recreational fishing programs, as and when the service is required by FV. While we have established that the entity will deliver *large* and *medium* projects and programs, the nature of the assumed basic functions are as follows.

- The entity would not deliver recreational fishing programs designed to ensure compliance with regulation through enforcement, or other core functions of government. In discussions with the steering committee, it was considered that the entity would not provide educational programs in schools or information programs raising awareness of licence requirements or safety practices related to recreational fishing. While the entity may undertake a program providing signage for example, the determination of the regulatory or safety advice on those signs and the form in which they are presented would continue to be determined by FV
- The entity would provide only those services for which it is commissioned and funded by FV. FV, with the Minister's approval, may seek to fund these services from RFGP or Consolidated Fund, as relevant
- The entity's key functions would relate to: infrastructure delivery, such as establishing new reefs, (medium or large) projects improving piers, fishing platforms or fish cleaning tables; significant programs such as fish stocking or establishing information sets describing details for fishing access throughout the state, or providing fishing clinics or other awareness programs designed to increase participation in recreational fishing generally or in certain segments of the Victorian community
- The entity may provide project planning and development services requiring technical and/or industry expertise, and consultation with planning and other authorities, to assist FV to finalise the scope of future recreational fishing projects
- The entity may hold and manage property rights for the purpose of enhancing recreational fishing opportunities
- The entity has the capacity to deliver longer term projects and programs that require ongoing planning, project development and refinement over several financial years.

The basic functions will require a contracting entity, capable of managing project delivery. The scope and budget for the projects will be specified in service agreements with FV.

3.1.2 Enhanced functions

Following discussion with the steering committee, this report will also consider the options for an entity providing an enhanced or extended set of functions *in addition to* the basic functions described above. The key change to the nature of the functions is that the entity is not confined to services specifically commissioned by FV, and is able to promote, develop, fund and undertake projects and programs in an independent and entrepreneurial way, including in partnership with other stakeholders, within the context of government policy constraints and community expectations to provide improved opportunities for recreational fishing in Victoria.

Some of the additional functions the entity may undertake include the following:

- The entity may provide planning and development of project proposals for submission to government for funding to achieve policy priorities, including through the Recreational Fishing Grants Working Group
- The entity may commission recreational fisheries research that assists in delivery of projects or programs
- The entity may seek out, establish and participate in commercial partnerships to expand program and project delivery. These may include sponsorship arrangements for recreational fishing infrastructure or programs to enable the expansion of the project or program beyond that funded by government or in addition to those funded by government (see examples in **Box 3.1**)
- The entity may seek out, establish and participate in community partnerships. Examples may include:
 - joint funding and delivery with other governments or philanthropic organisations
 - undertaking repair of fish habitats in conjunction with Catchment Management Authorities' projects to protect the biodiversity of rivers, or
 - with volunteer-based groups such as LandCare or FishCare (see examples in **Box 3.1**)
- The entity may scope, develop and seek funding and deliver projects to expand the opportunities for recreational fishing. This might be achieved through the purchase of fishing rights from other groups (such as commercial fisheries) or the purchase of land to enable access to recreational fishing sites
- The entity may purchase and sell property, or borrow funds, to fund further activities and further purchase of property.

To perform these functions will require an entity with an entrepreneurial approach to service delivery. This implies a degree of discretion for the entity, both in terms of suite of projects in addition to those commissioned by FV and access to alternative funding sources. While such an entity will be managed in line with sound commercial principles, it is anticipated that the entity will not have a profit motive.

Box 3.1: Partnerships and other relationships

The entities in the case studies (described in detail in Appendix A) often have partnerships and other corporate and community relationships with other entities and these relationships offer examples of what might be possible for DPI's proposed entity.

- Futurefish has formed an alliance with the Australian Fishing Trade Association whose members include independent wholesalers, distributors and manufacturers of fishing tackle in Australia
- One of the NSW Irrigation Corporations, Murray Irrigation, has multiple corporate relationships, including a joint venture with Automated Water Management Australia, a 50 per cent share in AWMA Pty Ltd and owns subsidiary, MILCast
- Major Projects Victoria works for both client agencies and public private partnerships (PPPs)
- The Angling Trust in the UK has formed a partnership with the World Wildlife Fund (WWF) and the Hong Kong and Shanghai Banking Corporation (HSBC) Climate Partnership to campaign about environmental issues
- The Wild Trout Trust in Britain and Ireland has a partnership with the Environment Agency and Nature England which fund some of its key conservation projects
- The Wye & Usk Foundation in England and Wales has partnerships for its conservation projects with the Department of Environment, Food and Rural Affairs, the European Regional Development Fund and the Esmée Fairbairn Foundation
- Delta Waterfowl Foundation and Ducks Unlimited both have various corporate partners that provide funding.

3.2 Form follows function

Designing the form that the entity takes is defined by the functions it must perform. The basic functions would imply a largely reactive entity or arrangement — providing dedicated and efficient project delivery through access to the requisite technical and commercial skills — whereas an enhanced set of functions implies a proactive entrepreneurial entity of substance requiring some degree of autonomy.

3.2.1 Powers and purpose

The legal form adopted for the entity must provide sufficient powers to undertake activities required to perform the functions. Under either set of functions and under any form, the entity will require the powers to:

- Plan for the development and delivery of recreational fishing projects and programs
- Enter into partnerships, arrangements or agreements for the development and delivery of recreational fishing projects and programs
- Consult and inform key stakeholders on progress and impact of recreational fishing projects and programs, within the context of government requirements
- Engage with volunteers through third party organisations to the extent that this is required for service delivery
- Investigate the delivery options, and prepare and implement plans and strategies for the development and delivery of recreational fishing projects and programs.

Under the enhanced set of functions, the entity also requires the power to:

- *Promote* and attract financial resources and funds from government, community and/or private partners
- *Promote* partnerships, arrangements or agreements for the development and delivery of recreational fishing projects and programs
- Acquire, hold and trade property rights
- Borrow and invest funds
- Charge fees for use of property, including naming rights.

The purpose of an entity undertaking basic functions only may be limited to 'to provide efficient recreational fishing project and program delivery services to the Victorian community'. An entity with enhanced functions implicitly has a wider purpose such as 'to enhance recreational fisheries and access to recreational fishing opportunities in Victoria'.

Finding: Functions

The key question to answer is: Which scope of functions should an entity cover? Should the delivery entity be capable and have capacity to deliver all enhanced functions? The entity form, governance and scale of the entity will follow this determination of preferred functions.

The basic functions would imply a largely reactive entity or arrangement — providing dedicated and efficient project delivery through access to the requisite technical and commercial skills — whereas an enhanced set of functions implies a proactive entrepreneurial entity of substance.

The basic and enhanced functions of the entity can be viewed as either two alternative views of the entity's role or as an initial and full mature stage. Given the greater complexity, this first stage report considers the options available for the entity form capable of performing the enhanced functions.

4 Assessment framework

4.1 Criteria

The selection of a form for the proposed entity will necessarily require informed trade-offs of the advantages and disadvantages of options.

A robust assessment framework allows a transparent and consistent approach to considering these trade-offs and identifying the strengths and weaknesses of different models. We have utilised a multi-criteria analysis (MCA) methodology to facilitate a qualitative assessment of options against the current arrangements as described in section 2.2.

The criteria set out in Table 4.1 reflect an interpretation of key areas for consideration outlined in the Request for Tender and following discussion with the steering committee.

Table 4.1: Assessment criteria

Criterion	Does the proposed form for the entity ...
Efficacy in achieving entity objective	Enable its objectives to be clear and the entity focussed on its functions?
	Enable the entity to deliver projects and programs implied by its functions?
Ability to achieve desired outcomes at least cost	Facilitate delivery of the entity's functions at the least economic, environmental and social cost?
	Enable the entity to minimise administrative and transaction costs of delivery of recreational fishing programs and projects?
Transparency of decision making	Facilitate appropriate accountabilities and responsibilities of the entity to be clear and unambiguous?
	Require appropriate reporting to the government, other funders, recreational fishing community and the Victorian community on the progress and delivery of recreational fishing programs and projects?
Dynamic efficiency	Permit the entity to respond to changing stakeholder and/or fishery priorities, needs or risks? Over time? Across Victoria?
	Enable access to the broadest range of funding sources for its functions, with possible sources including: (a) budget or grant program funding, (b) fees for service, (c) partnership funding, (d) corporate sponsorship and (e) donations?

4.2 Assessment of current arrangements

This project has not examined the performance of the current arrangements for the delivery of recreational fishing programs and projects. However, to consider the performance of alternative options, it is important that we identify the preferences for performance of the entity. The criteria below reflect these preferences which were established following discussion with the steering committee and reflect a desire to explore opportunities to enhance the current approach to delivery that has lead to this examination of options. These criteria are Deloitte's interpretation of consultations and discussion at the project steering committee.

Criterion	
Efficacy in achieving entity objective	The Government's core functions are the planning, regulation and funding of the community service provided by recreational fisheries. It directs expenditure to areas of priority investment according to its functions, including areas / services that are non-commercial.
Ability to achieve desired outcomes at least cost	<p>A lack of state-wide coordination for some projects may limit potential to gain from economies of scale for large projects</p> <p>There are some project delivery services for which it is difficult to attract competing proposals and therefore lowest possible cost. Response to requests for tender is limited by the current availability of skills and market capacity to deliver. For projects with state-wide coverage for example, value for money may require more direct facilitation of market response to deliver</p>
Transparency of decision making	<p>The Government has public accountability for expenditure of funds</p> <p>Investment priorities set through transparent and consultative process</p> <p>For small and medium projects, the selection of RFGP recipients is in accordance with a document process and against a set criteria, and accountability for RFGP project delivery is through reporting requirements</p> <p>Delivery of large scale projects by DPI through usual public tender mechanisms</p>
Dynamic efficiency	<p>Government administrative processes (including RFGP) are not suited to seeking out, or responding to, small scale commercial opportunities for enhancing recreational fishing opportunities in a timely and flexible manner</p> <p>Medium and large projects with the potential to provide for enhanced recreational fisheries and access to recreational fishing opportunities require greater scope for entrepreneurialism than facilitated within departmental structure</p>

Finding: Criteria for a new entity

In identifying options for the form of entity to undertake the basic or enhanced set of functions, we will consider the performance of each against the following criteria:

- Efficacy in achieving entity objective
- Ability to achieve desired outcomes at least cost
- Transparency of decision making
- Dynamic efficiency.

5 Possible entity forms

5.1 Possible legal forms

Various legal forms have been considered for their ability to perform the two sets of functions described in section 3, including:

- Government service agency — a unit or division within a government department providing services to FV under an agreement, like the Government Services Group (GSG) in the Department of Treasury and Finance or Major Project Victoria, in the Department of Innovation, Industry, Research and Development
- Statutory authority — established by order of the Treasurer under the *State Owned Entity Act*, or as a body created in dedicated legislation
- Proprietary company (with Government as the sole shareholder) — or private company limited by shares, is the most common form of company and is established under the *Corporations Law* through a constitution
- Company limited by guarantee (with Government as the sole shareholder) — as for a proprietary company except that the members of the company do not have to pay an amount to become members on establishment but they will be called upon to pay a guarantee amount if the company is wound up
- Public company — company limited by shares that may be listed on the stock exchange
- Incorporated association — incorporated association in Victoria is prohibited by the *Associations Incorporation Act 1981* (Vic) from trading or securing a pecuniary profit for its members or acting as a trustee in such activities
- Charitable trust — trust established to perform certain dominant purposes that must be within the defined categories of charity whose income is not subject to taxation
- Private or non-charitable trust — trust subject to taxation and cannot attract loans or participate in partnerships or joint ventures as easily as other legal structure types.

The Steering Committee has expressed a desire that the entity perform its functions in a not-for-profit manner. Each entity form outlined above is capable of performing the functions as a not-for-profit entity. The not-for-profit status could be made explicit in the instrument establishing the entity — that is, in the service agreement, company constitution or statute. Therefore, the ability to deliver services while not returning a profit to members, beneficiaries, controllers or owners is not a distinguishing feature between models.

For the purpose of subsequent analysis as part of this Stage 1 report, references to the private company apply to either the proprietary company or the company limited by guarantee. Stage 2 of this project would identify the appropriate private company form based on the finalised set of functions.

These forms outlined above are not mutually exclusive. Legal structures can be combined to achieve the entity's objectives and enable it to perform its functions. For example, an entity that cannot have tax exempt status because of its principal purposes can establish an associated entity that does have tax exempt status to receive donations and philanthropic contributions.

The functions of the entity would need to be finalised before the full range of options and limitations can be determined. For the purposes of this stage one analysis, we have focussed on entity forms that would enable the provision of the enhanced set of functions, in the short or long term.

While most functions can be performed by an entity of any legal form, some forms have certain limitations that may restrict activities required to facilitate performance of the entity's functions.

- Forms that would not facilitate the provision of the enhanced functions are not considered further — an incorporated association or a (stand-alone) charitable trust could not undertake the more entrepreneurial functions that may imply retention of profit at least over the short term. An incorporated association in Victoria is prohibited from trading or securing a pecuniary profit for its members or acting as a trustee in such activities, and any profit-generating activities performed by the entity to be incidental to its dominant purpose. Charitable trusts must show that its dominant purpose is charitable where charitable purposes include the relief of poverty, the advancement of education, the advancement of religion, or other purposes beneficial to the community, and must ensure any profit-generating activities are incidental to its dominant charitable purpose.
- Similarly, a private trust is partly limited in its ability to enter into partnerships or joint ventures and attract loans, and is not considered further.
- Of the three remaining company forms, a public company would imply administrative cost for little purpose unless public listing was intended. A public company is the only type of company able to invite the public to invest in it by taking shares through listing on a stock exchange or bonds through the issue of a prospectus. However these funding mechanisms require compliance with substantial corporate reporting and other onerous requirements. The proprietary company and company limited by guarantee forms (private companies) have similar structures and could be established and owned by government.

Our analysis of forms is limited to a service agency contracting model, a statutory authority and a private company with associated charitable trust.

5.1.1 Case studies

Case studies of existing organisations present useful insights to assist with developing possible forms for the proposed entity. Analysing features of existing organisations allows us to identify elements of different structures that could be incorporated into a form for the proposed entity. We have analysed a range of entities with similar objectives and functions to the proposed entity. This analysis is set out in Appendix A.

The entities reviewed include:

- Nature Conservation Trust (NSW)
- Futurefish Foundation
- VRFish
- Field and Game Australia
- Irrigation Corporation model (NSW)
- Australian Conservation Foundation
- Wild Trout Trust (Britain)
- Wye and Usk Foundation (England and Wales)
- Nature Conservancy (UK)
- Trout Unlimited (Canada)
- Delta Waterfowl Foundation (Canada and US).

5.2 Shortlisted entity forms

To assist DPI in selecting a preferred entity form as part of Stage 2 of this project, we have developed a shortlist of three possible models for the proposed entity for consideration.

These models can be seen as representing points along a continuum from a division of FV established for the purpose of program delivery through to a model capable of delivering recreational fishing

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programs autonomously and independent of Government. While the models represent a static point on this continuum, it is possible to design a model that allows for transition along the spectrum as the entity matures.

It is possible to adapt legal structures selected from the list in section 5.1, drawing on features revealed through the analysis of case studies to develop our shortlist of models.

The following Table 5.1 describes the shortlisted models in terms of the characteristics of the entity. At the end of this section, an initial qualitative analysis against the assessment framework relative to the current arrangements is presented.

Table 5.1 Description of shortlisted models

Characteristic	Model 1 - Service agency contracting model	Model 2- Statutory authority	Model 3 - Private company with associated charitable trust
Entity commencement	A service agency within DPI could be constituted on an as-needs-basis through administrative change. Functions could be defined on a periodic basis via a contract with DPI.	A statutory authority could be established by order of the Treasurer under the <i>State Owned Enterprises Act</i> , or as a body created in a dedicated statute. The company could also be not-for-profit and have an associated charitable trust for tax exempt purposes.	A private company is the most common form of company. Such a company could be formed and ownership retained by Government and its constitution could be adapted to include the objectives, functions and accountabilities for the entity according to the wishes of the Government. The company could also be not-for-profit and have an associated charitable trust for tax exempt purposes.
Scope of functions	Under a service agency contracting model, the proposed entity could perform the basic functions. However, in practice, the enhanced entrepreneurial functions would be difficult to manage with the usual departmental controls and risk management guidelines.	Functions of a statutory authority can be accommodated in the statute to suit the needs of the Government. The structure of the statutory authority model would allow the proposed entity to perform its basic functions and would not preclude it from engaging in enhanced functions. However, the financial incentive as a public sector entity would perhaps diminish entrepreneurial drive compared to some private sector models.	The functions of the entity could be written into the constitution of the company. The entity could perform all its desired functions, including both basic and enhanced. These functions could either be performed from the entity's commencement or it could transition from the more basic to more enhanced functions as it matures. The functions of the associated charitable trust would be limited to those that are deemed charitable to gain and maintain charitable status for taxation purposes.
Different models for participation in entity: that is, does it have shareholders, subscribers, benefactors, sponsors	There would be limited scope for community participation in the operations of the entity, although programs would be delivered on behalf of all taxpayers. Nevertheless, there would be scope for community participation in the programs delivered by the entity, similar to the volunteer opportunities that FV currently offers.	This legal structure does not place limitations on participation in operations of the entity and the statutory instrument establishing the entity can be quite prescriptive with respect to participation.	This model limits participation in the corporate entity but not in its program delivery or outcomes. The Government would be the sole shareholder on behalf of the community. Members of the board are subject to directors' duties under the <i>Corporations Act 2001</i> . Participation in the operations of a charitable trust

Characteristic	Model 1 - Service agency contracting model	Model 2- Statutory authority	Model 3 - Private company with associated charitable trust
			will generally be limited to the trustees. Untied donations, bequests and/or gifts may be received by the charitable trust.
Integration with stakeholders / non-participants	As a service agency, the entity would coordinate program delivery with stakeholders including catchment management authorities, landholders and other agencies through agreements. Some contracting would require approval or delegated authority from the Secretary of DPI.	<p>Statutory entities may enter partnerships, contracts and / or agreements as part of their operations.</p> <p>A statutory entity would have the capacity to coordinate with stakeholders and could be required to consult with certain groups if desired.</p>	<p>As a private company, the proposed entity may enter into partnerships, contracts, and other agreements with (government as) shareholder approval.</p> <p>For the associated charitable trust, a trust deed can set out rules for behaviour of the trustee and can include how the trustee will integrate with stakeholders / non-participants in the trust to achieve the objectives of the trust.</p>
Governance arrangements and relationship with DPI	The entity would be accountable to the Secretary of DPI and/or the Executive Director of FV via the contract. It would be subject to established departmental reporting protocols and its responsibilities would need to be clearly defined and maintained to ensure coordination with FV.	<p>A statutory entity is accountable to the Parliament that has established it.</p> <p>The governance arrangements, including objectives, accountability and responsibilities are expressly set out in the statutory authority's statute, the umbrella requirements set out in the Public Administration Act and other legislation such as the Financial Management Act.</p> <p>Statutory authorities have a board (which steers the entity) and senior management who are accountable to the relevant Minister. The chief executive officer may be the sole member of the statutory authority and responsible for managing its affairs.</p> <p>A statutory authority would permit transparency of decision making and strong governance</p>	<p>Ministerial approval would be required to establish the entity as a company.</p> <p>The company constitution may include corporate investment planning arrangements that establish an annual process of negotiation between the company board and relevant Minister. The result would be approval by the relevant Minister of a 3 to 5 year plan that reflects the Minister's recreational fishing investment priorities. Delivery contracts with the company for individual projects funded through Consolidated Fund or the RFL Fund would define the expected outcome and KPIs, including consultation processes.</p> <p>Generally, charitable trusts have no beneficiaries to control them, although some measure of control can be incorporated into trust deed.</p>

Characteristic	Model 1 - Service agency contracting model	Model 2- Statutory authority	Model 3 - Private company with associated charitable trust
		arrangements requiring accountability for expenditure of Government funds which could be achieved through terms and conditions outlining contracts for service delivery in addition to corporate plans agreed with the relevant Minister.	The Trustee has certain key responsibilities when governing the management and administration of Trusts. These responsibilities are a statutory 'code of conduct' [also known as the 'Prudent Person Principle'] ² administered in the state of Victoria.
			Reporting requirements of a private company, particularly those regarded as small, is usually of a lesser standard than that required of other structures. Moreover, the constitution may include additional reporting obligations such as a requirement for reports to be provided, for tabling in Parliament by the relevant Minister, if desired.
			Reporting requirements of a charitable trust may be established in the trust deed. There is generally no requirement to report publicly on the use of specific charitable donations. However, the Trustee would be governed by the code of conduct, administered in the state of Victoria. The code of conduct includes compliance with all accounting, reporting and auditing requirements related to the trust.
Reporting	A service agency reports through its relevant department and other within-department reporting requirements can be set out in its contract.	A statutory authority is obliged to report annually to Parliament. It is usually also required to prepare 3 yearly corporate plans and annual business plans to be provided to their shareholding minister.	
Funding	Such an entity would be funded through the DPI appropriations and would have limited sources of additional fee for service based non-government funding. If the entity remained controlled by DPI and not a separate entity, the income relating to it	Statutory authorities have the ability to establish and maintain accounts, borrow and make investments for the purpose of performing the functions of the entity and these rights can be set	A private company is not limited in the funds and donations it receives and can establish and maintain accounts, take loans and make investments. A private company could have

² Trustees Act 1958

Characteristic	Model 1 - Service agency contracting model	Model 2- Statutory authority	Model 3 - Private company with associated charitable trust
	would be exempt from income tax as it would be income of government.	out in the statute. A statutory entity may receive funds appropriated through Government budget processes and accountability for budget funds must be to Parliament. A statutory authority can be permitted to establish a subsidiary or related business in a form that allows for tax exemption for donations. If so, donations may be received from members of the public or other private sector entities without limiting access to projects delivered by the entity by other members of the public.	sponsorship partnerships. The case studies from overseas offer examples of sponsorship partnerships established by similar companies. For example Trout Unlimited Canada has long-term agreements with Toyota Canada and the Shell Environmental Fund. The entity may enjoy tax exemptions under the <i>Income Tax Assessment Act 1997</i> , ³ if it can prove that it is a scientific, charitable or public educational institution. While the grounds for income tax exemption under this head are limited, the proposed entity may be able to satisfy one of them.
Case study examples	<p>Major Projects Victoria (MPV) is part of the Investment & Major Projects Division of the Department of Innovation, Industry and Regional Development (DIIRD). It was established in 1988 to provide project delivery services to Government departments and other agencies undertaking large-scale, one-off projects outside their normal capital works programs.</p> <p>MPV plans, manages and facilitates key Victorian Government infrastructure and land development projects. MPV uses traditional project delivery approaches and works for client agencies as well as public private partnerships. Examples of projects it has delivered include Southern Cross</p>	<p>The Nature Conservation Trust of New South Wales is a non-profit organisation set up under the <i>Nature Conservation Trust Act 2001</i> to promote nature conservation on private land. The Act enables the Nature Conservation Trust to buy, sell and protect NSW properties of high conservation value, support the owners to maintain and enhance their land's ecological values.</p> <p>Participation in operations of the Nature Conservation Trust can be via donations, bequests or gifts of land (although these are untied), or through purchasing a property from the</p>	<p>Futurefish Foundation Limited is a public (unlisted) company limited by guarantee that delivers projects of an environmental focus to improve fish habitat and species conservation. It has an associated charitable trust, the Futurefish Foundation Trust, which receives tax deductible donations for use on projects with an environmental focus.</p> <p>Futurefish Foundation Ltd has a board and has members who participate in activities/fundraisers.</p> <p>Futurefish Foundation Ltd, shares a formal alliance with the Australian Fishing Trade Association and works closely with other</p>

³ A company may qualify for tax exemptions under the *Income Tax Assessment Act 1997* (the Act)

Characteristic	Model 1 - Service agency contracting model	Model 2- Statutory authority	Model 3 - Private company with associated charitable trust
	<p>Station and the Austin Health redevelopment.</p> <p>MPV reports to the Minister for Major Projects via the Investment & Major Projects Deputy Secretary and is funded through DIIRD.</p>	<p>Nature Conservation Trust.</p> <p>The Nature Conservation Trust must report annually to the NSW Minister for Climate Change and the Environment, including its financial statements of the past 12 months. The trust is also managed by a board with 9 part-time members (of which one must be Aboriginal and one must be an officer the Department of Environment and Climate Change).</p>	<p>organisations such as VRFish, the Australian Trout Foundation and Native Fish Australia. The Foundation also works with the Victorian Government to provide innovative and sustainable fishing ideas that will improve and grow recreational fishing in Victoria.</p> <p>Futurefish Foundation Ltd became a Registered Environmental Organisation (REO) with the Commonwealth Department of Environment, Water, Heritage and the Arts in October 2005. As an REO, it must provide the Department with financial information about the donations and gifts made to the public fund (the trust).</p>

5.2.1 Scope of charity status

The entity may be able to obtain exemption from taxation or for donations to be tax deductible. Charitable status under taxation law is mutually exclusive from performing functions in a not-for-profit manner, although the two often align in an entity.

According to the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997* (ITAA 1997), the relevant types of income which are tax exempt are, the:

- Income of a scientific, charitable or public educational institution
- Income of a trust established for public charitable purposes.

If the entity comes within one of these categories, any income it receives, including donations, will be exempt from tax. It seems unlikely that the entity will come within one of these categories. However, if the entity is a statutory authority or company with an associated charitable trust, the trust's income could be tax-exempt. Case studies in Appendix A describe the NSW Nature Conservation Trust and Futurefish Foundation as examples.

Box 5.1 Registered Environmental Organisation

The Register of Environmental Organisations was established in 1992 to list environmental organisations granted tax-deductible status under the *Income Tax Assessment Act 1997*. Mandatory rules of environmental organisations include:

- Having its principal purpose as "the protection and enhancement of the natural environment or of a significant aspect of the natural environment; or the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment."⁴
- Establishing and maintaining a public fund to be endorsed as a deductible gift recipient
- Agreeing to abide by Ministerial Rules that gifts made to the fund are used only for its principal purpose
- Not paying any of its profits or financial surplus, or give any of its property, to its members, beneficiaries, controllers or owners (i.e. being a non-for-profit organisation).

Similarly, one of the mandatory rules for the public fund of the environmental organisation is that the fund's objective is "to support the principal objectives/purposes of the environmental organisation and which must be the conservation of the natural environment."

The principal purpose and the objectives of the entity would need to be carefully defined so that they comply with the above requirements (including being not-for-profit).

The Futurefish Foundation is an example of an Environmental Organisation in the fisheries area that can raise money for projects with an environmental focus.

Tax deductibility of donations is strictly regulated by the ITAA 1997, with only several entities in Australia satisfying the 'pure' ITAA 1997 rules, one of these being the Australian Conservation Foundation. However, the entity might be able to achieve tax-deductibility status if it can satisfy the broader guidelines to be recognised as a registered 'environment organisation' (REO) under Division 30 of the ITAA 1997. This will depend on the objectives and functions chosen by the entity, and would be less likely if it chose the more enhanced entrepreneurial functions. REO status requires an entity to limit its operations. These limitations are usually managed by creating an REO to work alongside the main (service delivery focussed) entity (see Box 5.1 above).

⁴ Australian Department of the Environment, Water, Heritage and the Arts, *Register of Environmental Organisations: A Commonwealth Tax Deductibility Scheme for Environmental Organisations Guidelines*, available at <http://www.environment.gov.au/about/tax/reo/guidelines/pubs/reo-guide-2008.pdf>, accessed 18 November 2009.

5.2.2 Partnerships and other relationships

All entity forms are able to enter partnerships, however some partnerships are more difficult to attract, establish and maintain for some entity forms. Community based partnerships should be similarly accessible to a recreational fishing service delivery entity regardless of the entity form. However, corporate partnerships that include sponsorship funding to such an entity seems to be more achievable for private, company form entities. Case study examples noted in Box 3.1 are predominantly from companies acting as sport or nature advocates.

5.2.3 Volunteer partnerships

The entity will be capable of engaging with volunteers through third party organisations. Nothing in any of the forms discussed above will preclude engagement with, and joint projects using, volunteers.

The specific delivery entity is unlikely to engage directly with volunteer labour. However, it is more likely that partnerships could occur between the delivery entity and organisations such as VR Fish and Futurefish Foundation that in turn engage with volunteers for a specific project managed by the entity.

5.3 Assessment of shortlisted forms

Although the functions of the entity are yet to be confirmed, the following table provides high level qualitative analysis of the shortlisted models against the assessment criteria and sets out risk analysis issues.

Table 5.2: Analysis of models

Criterion	Service agency	Statutory entity	Private company with associated charitable trust
Efficacy in achieving entity objectives	<p>?</p> <p>Clear objectives can be set out in contract</p> <p>As senior department staff are not accountable only for the entity's business there may be lesser focus on the delivery of the functions than under other forms</p>	<p>✓</p> <p>Set out in statute</p> <p>Management (CEO/board) focussed on functions</p>	<p>✓</p> <p>Set out in company's constitution</p> <p>Management (CEO/board) focussed on functions</p>
Ability to achieve desired outcome at least cost			
<i>Basic functions</i>	<p>✗</p> <p>Inherent inefficiencies associated with department</p> <p>Administrative costs and constraints on responsiveness to emerging opportunities and commercial incentives</p>	<p>✓</p> <p>As a statutory authority, the entity will be able to achieve its outcomes at a lower administrative and transaction cost than an entity within a government department</p>	<p>✓✓</p> <p>Strong incentives to minimise administrative and transaction costs</p>
<i>Enhanced functions</i>	<p>✗</p> <p>Ability to create market capacity may be constrained by government tendering rules</p>	<p>✓</p> <p>Some incentive to create market capacity to deliver enhanced functions although this may be constrained by specific wording of functions under the statute, which is difficult for</p>	<p>✓✓</p> <p>Incentive to create market capacity to deliver enhanced functions under a more flexible constitution-based definition of functions</p>

Criterion	Service agency	Statutory entity	Private company with associated charitable trust
		government to alter post-introduction	
Transparency of decision making	✓ Contract arrangement is less amenable to clearly setting out accountabilities and responsibilities; reporting requirements are for public disclosure through department	✓ Accountabilities & responsibilities made clear through statute; reporting requirements require public disclosure through Parliament	? Accountabilities & responsibilities made clear through constitution; constitution could require financial reporting to the department or Parliament and establish corporate investment planning arrangements to enable ministerial approval of a 3 to 5 year plan
Dynamic efficiency			
	<i>Basic functions</i> ✗ Limited access to funding sources (budget or grant program funding, fees for service and possibly partnership funding if the partnership is government-government)	✓ Access to a range of funding sources (budget or grant program funding, fees for service, partnership funding)	✓ Access to a range of funding sources (budget or grant program funding, fees for service, partnership funding donations if the entity has a charitable arm)
	<i>Enhanced functions</i> ✗ Flexibility to operate outside Victoria only by exception or national agreement	✓ Some flexibility to operate outside Victoria	✓✓ Most flexibility to operate outside Victoria

5.4 Risks

Service delivery entity under any of the shortlisted forms may face implementation, operational and potentially competition risks. In addition, from FV's perspective, for the statutory and company forms there may exist a policy risk issue.

5.4.1 Implementation risks

The creation of the entity under any form and the continuation of its operations are dependent on sufficient investment in funding and pipeline of projects for delivery necessary to ensure scale and continuity of operations. Different entity models will incur different implementation costs associated with establishment, staffing, administration and accommodation.

Additional implementation risks may also emerge introducing the appropriate governance arrangements and getting the right people in positions, particularly those with appropriate technical and commercial skills. Governance arrangements should make stakeholder and government expectations clear in statute or constitution of the entity, and in corporate investment planning and contract arrangements for project delivery.

The key mitigation strategy is an effective plan for implementation. Implementation is discussed at a high level in section 6.

5.4.2 Operational risks

The financial viability of the entity may be at risk if the entity is not able to establish critical mass for its functions due to a lack of demand for its services. Continuity of operations requires sufficient funding and a relatively consistent profile of funding and projects over time to fully utilise staff resources.

To ensure appropriately qualified personnel can be attracted and retained by the entity, the scale of forecast funding and projects should be sufficient to cover establishment of the entity and the first 3 to 4 years of operations as a minimum.

All other things being equal, operational risk would be greater if the entity undertakes only the basic functions. An entity performing the basic functions represents a contract delivery entity of FV and is subject to a single purchaser in FV. An entity performing the enhanced functions, although needing greater scale for continuity, has greater discretion to take on a broader range of projects and attract revenue from multiple sources.

One approach to mitigating this risk is to stage the implementation of the entity to limit its growth so its costs are well-covered by its likely share of FV's intended recreational fishing project and program expenditure and other sources of revenue. Within the uncertainties of State Budget priorities, a key mitigation strategy is to undertake investment planning that enables discussion of the outlook for next three to five years. If funding is forecast to be insufficient for the entity's viability within that period, the shareholder Minister and board may determine it appropriate to wind down the business.

Another mitigation approach may be to reserve certain delivery services for the entity — that is, for FV to provide the entity with exclusivity over the delivery of some recreational fishing projects and programs. However this mitigation strategy will exacerbate competition risks described below.

In addition, despite careful implementation, the entity may perform poorly. The key mitigation strategy for this operational risk is active shareholder oversight of the entity, through its board, against the requirements defined in its corporate plan and delivery contracts. If evidence of poor performance emerges, the government as shareholder must hold the board to account for management action to improve performance.

5.4.3 Competition risk

At least two types of competition risk may emerge for the entity — they are applicable to the entity regardless of its form although the scope to mitigate the risks may differ by form of the entity.

First, to the extent that the entity is provided with any exclusive right to provide certain delivery services by FV this will have a direct impact on potential competitors for the right to provide those services. It is important to note that this risk may exist despite no experiences in which existing competitors have responded to requests by FV to provide these delivery services in the past. The exclusivity would dissuade businesses from entering the market to compete and may therefore reduce the competition, and scope for lower costs or more innovative service, available to FV.

Secondly, where the right to provide the services is not tendered — that is, either FV tenders for the services or the entity is provided with an exclusive right to provide certain delivery services and does not tender for the services — there is an indirect risk that either FV or the entity would become subject to a competitive neutrality complaint. This risk applies most directly to the entity's service delivery in response to FV's request. Where the entity undertakes enhanced functions where it is creating the project or program it is unlikely to be subject to complaint.

Competitive neutrality is a policy of all Australian governments that seeks to ensure the significant business activities of publicly owned entities compete fairly in the market when it is in the public interest for them to do so. The policy is discussed in detail in Box 5.2 below. It is important to note that a service agency would be subject to the policy in the same way as either the statutory or company entity forms.

Box 5.2: Competitive Neutrality

Competitive neutrality (CN) concerns the significant business activities of publicly owned entities and ensures that they compete fairly in the market when it is in the public interest for them to do so. CN does not apply to non-business, non-profit activities of government.

As part of its implementation of the National Competition Policy and the Competition Principles Agreement (CPA), the Victorian Government is obliged to apply CN principles to all significant business activities undertaken by government agencies where it is in the public interest to do so. The Victorian Competition and Efficiency Commission (VCEC) is responsible for investigating competitive neutrality issues if a complaint is raised.

Otherwise, it is the responsibility of government agencies to determine if their business activities fall within the scope of the CPA and thus whether they must comply with competitive neutrality principles.

Determining whether CN applies to a publicly owned entity involves identifying a working definition of 'significant business activity'. While the CPA does not provide a definition of this, VCEC provides guidelines to following, including examination of:

- Whether the entity's activity is a 'business activity' such as involving the sale or provision of goods, services or works in competition with other providers; an activity undertaken primarily for commercial purposes or profit; or tendering to supply the product or service to an external entity.
- The relevant market, including the product, geographical area, potential for competition and timeframe for competition constraints.
- The 'significance' of any business activity in terms of the extent to which the government business activity can impact upon the demand, supply or price to the consumer or user.

If the entity did undertake 'significant business activities' they must (where appropriate and where the benefits outweigh the costs) comply with CN principles, including:

- Adopting a corporatisation model
 - Ensuring that prices charged for goods and services will take account of costs facing private sector businesses such as tax
 - Complying with regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment.
-

Mitigation strategies for these risks include careful consideration of proposals to provide exclusivity to the entity — so that FV can clearly describe the public interest being served by the exclusivity, such as the need to facilitate development of particular technical expertise so that it will be available in the

market in future. In the implementation phase of an entity, a number of mitigation strategies are available:

- Clarify the application of the competitive neutrality policy — that is consider when the entity becomes a significant business
- Identify approaches to ensure FV can illustrate where providing exclusivity is in the public interest, such as evidence of unsuccessful tenders for particular services
- Ensure the entity complies with competitive neutrality principles where the policy does apply.

5.4.4 Policy risk

Finally, policy risk may emerge where the entity undertakes enhanced functions.

As the entity develops greater specific technical skills and knowledge of recreational fishing facilities and activities throughout Victoria the entity may be able to identify, plan and develop enhancement programs or projects outside the department's process for identifying investment priorities. While on the one hand this may have the positive outcome that additional worthwhile projects are ready for delivery, these projects may be more likely to be funded than those which reflect a considered assessment of the community's priorities for investment. This risk would be greater if the entity chose to advocate for particular projects.

The key mitigation strategies for this risk would be:

- Transparency in project and program allocation
- Clear management of the entity's participation in development of recreational fishing investment priorities to ensure its unique insights are incorporated and skills to develop project are used, but within the department's investment framework.

Another risk that may emerge is where the entity, providing an enhanced set of functions including active participation in the trade of property and fishing rights, is seen by the community as an alternative planning and funding authority for recreational fishing in Victoria. To the extent that such a proactive entrepreneurial entity is operating outside FV's policy and planning framework, this perception may reduce the clarity of accountability for, and effectiveness of, FV and DPI's core functions.

The key mitigation strategy for this more remote risk is to establish and maintain effective governance of the relationship between the entity, FV and the relevant Minister(s).

Finding: Conclusions from model assessment and risk analysis

While the service agency contract model would limit the ability of the entity to perform enhanced functions, both the statutory authority and company models would enable the entity to perform both the basic and enhanced functions. All three models could deliver on the stated objectives, although the statutory authority and company would be expected to do it at lower cost and with greater flexibility.

Governance arrangements to ensure accountability could be established for all three models through their respective establishment instruments (such as the statute, contract or constitution). However the statutory authority model may have more transparency of decision-making as the entity would be subject to public disclosure requirements.

The statutory authority and company models would have more dynamic efficiency or responsiveness than the service agency model as they would have more ability to attract various funding sources and could respond to market incentives.

A service delivery entity under any of the shortlisted forms will face implementation, operational and potentially competition risks. In addition, for the statutory and company forms there may exist a policy risk issue. Mitigation strategies will need to be developed and implemented.

Therefore, the key question to resolve in identifying the entity form to be implemented is:

- If enhanced functions are to be delivered by the entity, is a statutory authority form or a private company form preferred?
-

6 Implementation

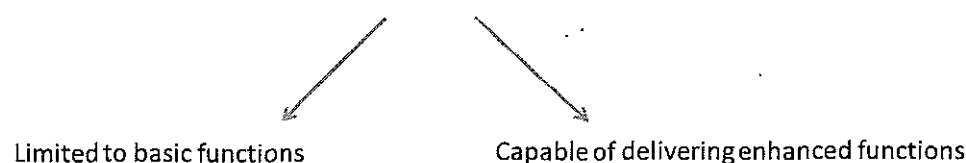
6.1 Structured transition

This report outlines a number of options to establish an entity with responsibility for management and delivery of large and medium recreational fisheries projects and programs. Establishing an entity will require a structured transition process.

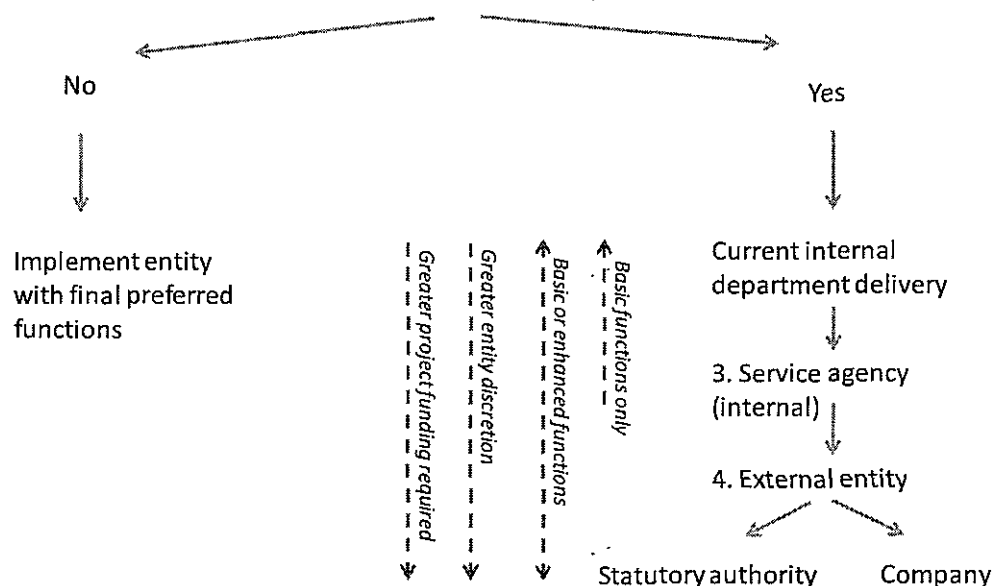
Transitioning to the new entity for delivery of recreational fishing enhancement programs has four key decision points requiring trade-offs between alternate approaches to proceeding, numbered below in Figure 6.1.

Figure 6.1: Four key decision points in transition

1. Which scope of functions should an entity cover?



2. Should the transition from current internal department delivery to a dedicated internal or external entity be staged?



6.1.1 How fast to transition?

The final preferred set of functions to be performed by the entity will define the form of the entity, its governance arrangements including the relationship with FV, and the scale of funding and projects

required to ensure continuity of operations. This is the initial key decision required to enable further progress in developing the entity.

A decision is also required as to whether interim stages of implementation are warranted, or whether to proceed directly to an entity capable of performing the preferred functions. Interim stages allow for a structured transition determined by availability of funds and scope of projects. Interim stages would be (a) from internal departmental delivery to a service agency form limited to basic functions, (b) from a service agency form to an external entity, either a statutory authority or company, enabling provision of enhanced functions.

The alternate transition arrangement is to establish and operationalise a model for performing the preferred functions from the outset. While this would avoid the administrative and transaction costs associated with establishing interim arrangements that may subsequently become redundant, it would rely on immediate significant scale of funding and projects to ensure continuity of operation. This approach would require more substantial risk management.

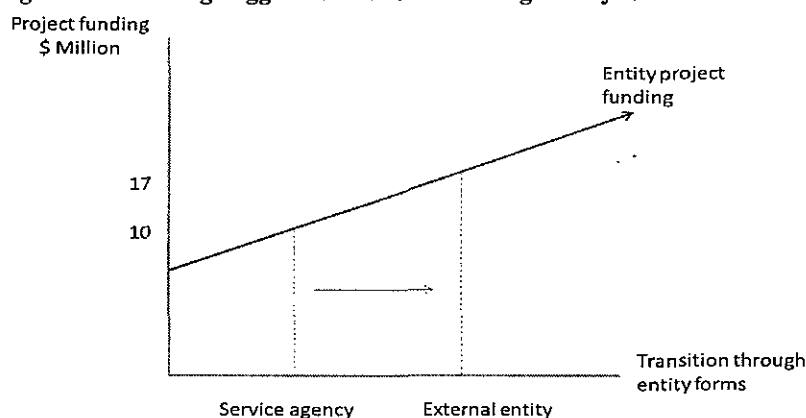
6.1.2 When to transition from internal to external project delivery?

First, there is a need to establish whether sufficient scale exists to support establishment of an internal delivery agency to perform basic functions. Sufficient funding in addition to a consistent and predictable flow of projects would need to be available to cover establishment, administration costs and staff salaries. An initial estimate for these costs to cover years 0 to 3 for a service agency is approximately \$2 million.

Second, sufficient scale to support establishment and operation of an external delivery agency to perform enhanced functions needs to be secured. An initial estimate for the total establishment, administration costs and staff salaries for years 0 to 3 for a statutory authority is approximately \$2.6 million, and for a private company at \$2.5 million. If sufficient scale exists to justify establishment of an external delivery entity, it becomes a decision between the statutory authority and the private company.

As a guide based on comparable program delivery entities, salaries and administrative costs typically represent in the order of 15 to 20% of total funds available for projects. Using the estimates above, funds available for projects to be delivered would need to be in the order of \$10 million to \$17 million over three years. It must be noted that this ratio is only indicative. However, it does provide a useful guide to the scale of projects and funds required to sustain the entity. **Figure 6.2** below reflects this relationship graphically.

Figure 6.2: Funding triggers for transition through entity forms



Appendix B includes a more detailed breakdown of the initial estimates for the potential establishment and operating costs for each entity form.

6.1.3 A statutory authority or company to provide enhanced functions?

Administrative costs and constraints on responsiveness to emerging opportunities and commercial incentives limit the service agency's ability to perform the enhanced functions. Both the statutory entity and private company could perform a more enhanced set of functions.

The main trade-offs between these models relate to governance arrangements to ensure accountability, and the degree of flexibility in performing the enhanced functions. The statutory authority model may have greater transparency of decision making than the standard company model due to government and parliamentary disclosure requirements. However, reporting requirements of the company model could be enhanced to require reporting to FV or DPI.

It is anticipated that the private company would have the greatest degree of flexibility of the alternate models. On balance, this would drive innovation and entrepreneurialism required for the full set of enhanced functions to a greater extent than the alternative. A private company would also have the capacity to operate outside of Victoria.

6.2 Entity establishment

At each transition stage, establishing each new entity will require a structured transition process. This process is defined broadly in Figure 6.3 below.

Figure 6.3: Entity implementation process



6.2.1 Expectations of the entity

The decision maker(s) about the proposed entity needs to consider the findings outlined in this report, the requirements of government and other stakeholders; the expectations and function of the entity need to be agreed. These expectations should include development of:

- **Mission and vision** – There needs to be clear definition and articulation of the vision and mission of the entity. The vision statement should outline what the entity wants to be, concentrating on the future, and provide a reference point for clear decision making. The vision should define the purpose or broader goal for the entity. A mission statement should define the fundamental purpose of the entity. The mission statement should be specific to what the entity can achieve itself.
- **Goals and objectives** – A clearly defined vision and mission statement will enable the steering committee to define goals and objectives for the entity. Clearly defined goals and objectives will inform selection of an appropriate legal structure.

Having established the expectations of the entity, a budget should be developed to support the activities necessary to establish the entity and support it through an incubation period of at least three years. Defining expectations at a high level provides sufficient flexibility for the organisation's role and responsibilities to evolve over time as organisational capabilities and competencies evolve.

Once expectations of the entity have been agreed, there should be consideration of the appointment of a Transition Manager. The Transition Manager would report directly to the initiator of the new entity and have operational responsibility for the management of transition activities (Refer Section 6.3 through 6.5).

6.2.2 Governance arrangements

Legal structure

There needs to be agreement on the form of the entity. We have considered three options for entity form, and concluded that until the preferred scope of functions for the entity is finalised, both a statutory authority and company form should be examined.

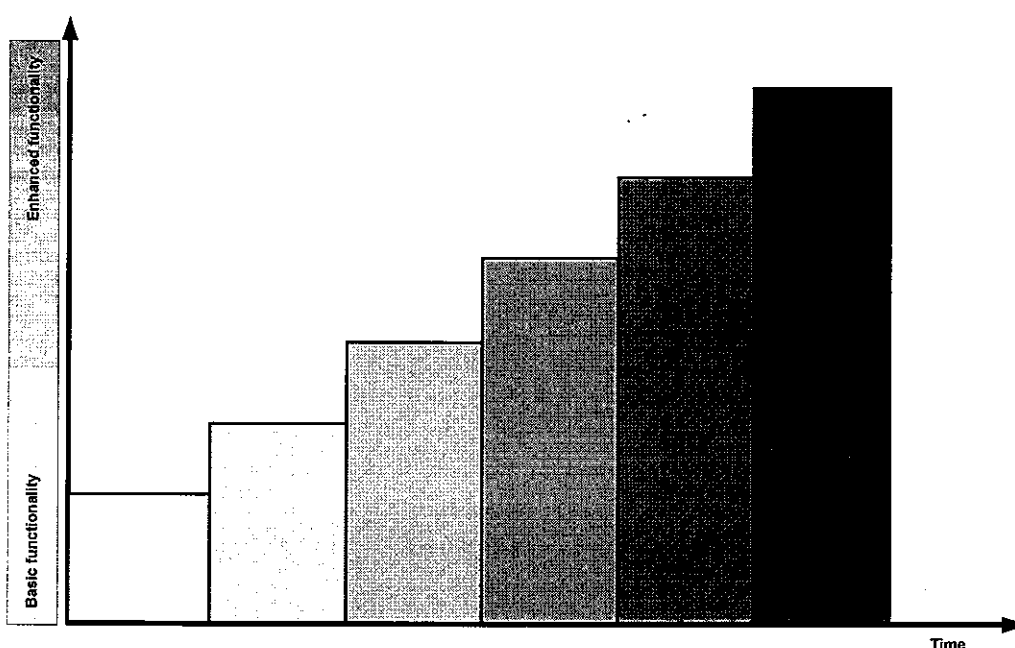
In agreeing an appropriate legal form, consideration should be recognised that the function, role and responsibilities of the entity may evolve over time, as the entity progresses through its life cycle and develops increased capabilities and capacity. The entity structure should be established in recognition of its potential evolution, so as not to limit future growth or activity.

In the start up phase, the entity's responsibilities may be restricted to delivery of the basic functions defined earlier in this report.

As the entity matures, and develops a set of competencies and delivery capabilities, it may consider taking on more enhanced functions. The key change between basic and enhanced functions is that the entity will not be confined to services specifically commissioned by FV, and would be able to promote, develop, fund and undertake projects and programs in an independent and entrepreneurial way, including in partnership with other stakeholders.

The transition of the entity from basic to enhanced functions is represented diagrammatically in Figure 6.4.

Figure 6.4: Graduated functionality enhancement



The diagram represents the expansion of business functions over time using a 'Continuum Strategy' to enable the entity to leverage FV funding early in its lifecycle to ensure greatest impact per dollar invested. It will also facilitate the smooth transition of programs already funded as dedicated focus will be directed towards these activities. As the organisation matures and expands into more enhanced operational functions, further skills and capabilities will be required. The addition of entrepreneurial skill sets in addition to the existing program delivery capability of the organisation is likely to be a key focus.

Start up and governance arrangements

Once the form of the entity has been agreed, the initiator should:

- Confirm the legal implications of the proposed form and the steps required to establish the entity:
 - The need to develop an 'Instrument of establishment,' either statute or company constitution
 - The entity's goals should be set out in an instrument of establishment
 - Affect the development of a three year strategy plan and one year business plan
- Develop an instrument of establishment (or constitution depending on legal form) that governs operations of the entity, its roles, responsibilities and powers. The instrument of establishment should make clear the proposed entity's powers
- Agree initial funding arrangements including the level of start up and ongoing support available to ensure a critical mass to sustain operations over a minimum period of three years
- Define appropriate board/governance structures, including board composition (how many members) and the process for nomination/selection. Reference should be provided to the extent government would have to influence the direction of the entity following its establishment. This process should define the characteristics of the Board and executive management, including:
 - Board members – define the range of skills, qualities and characteristics required to fulfil the objectives, functions and obligations of the Board
 - Chief Executive Officer - define the skills, qualities and characteristics required of the CEO.
- Agree the interaction with, and role of, government once the entity is established and going forward
- Develop timelines for establishment of the entity supported by clear accountabilities.

Appoint Board and CEO

With an understanding of the expectations of the entity, its legal structure and proposed governance arrangements, consideration should be given to appointing a Board and CEO (in conjunction with the Board). The early appointment of these positions will enable them to participate in the detailed strategy development and business planning processes (Refer to section 5.4), and shape the direction of the entity. Care must be taken to ensure these appointments possess the relevant skills and qualities necessary to drive the entity through the start up phase and deliver on the expectations of the entity.

6.2.3 Business planning

A business plan is required to guide the entity through the start up phase and initial years of operation. The business plan should consolidate the work performed to date including the expectations of the entity and governance arrangements. The business plan should also include:

- **Vision, mission, goals and objectives**
- **Market overview** - Overview of the market within which the entity operates, including regulatory conditions, market trends
- **Product/Service offerings** - Overview of the entity's roles and responsibilities. This should include detail covering:
 - What the entity does:
 - Scale of operations and potential evolution over time
 - Define program offerings
 - Dictate if and how the entity responds to commercial opportunities
 - How the entity will do it:

- Outline the financial contribution committed by government to support establishment of the entity and its operation throughout a three year incubation period
- Organise the transfer of medium or large existing government managed projects or programs to the new entity
 - Confirm any staffing transitions required
 - Confirm contractual arrangements
 - Identify volunteer contributors and stakeholders relevant to projects and consultation required
 - Potential funding opportunities to support FV contributions
 - Systems and processes in place or that need to be developed in order to deliver
 - Potential to increase the scope of activities as the organisation develops enhanced capabilities and competence
- **Governance arrangements** - Outline the appropriate legal and governance structure for the entity
 - Overview of legal structure and rationale for selection
 - Board composition (Chairman and Board members) including relevant characteristics (number of board members, board member qualities (skills and capabilities), Board responsibilities)
 - Interaction and relationships with DPI and other relevant government agencies and relevant stakeholder groups including FV, Futurefish Foundation, VRFish
- **Operational structure**
 - Set out an appropriate operational and reporting structure based on the understanding of the functions of the entity
 - Considerations as to the entity's physical location and advantages/disadvantages of alternatives (i.e. ability to leverage synergies associated with co-location with FV or other government agencies)
 - Staffing and skill requirements
 - Number of FTE
 - Roles and responsibilities
 - Skills and capabilities required considering the initial and evolutionary functions of the entity
 - Position descriptions
- **Financial analysis**
 - Detail the necessary set up costs associated with establishment of the operation of the organisation, including salary, accommodation arrangement and costs, IT and communications and other operating costs
 - Confirming financial commitments to sustain operations for the first three years as a minimum
 - Financial projections based on understanding of proposed programs, roles, responsibilities.
- **Risk assessment**
 - Identify, categorise, and assess risk
 - Develop mitigation strategies

- **Implementation plan**

- Include a detailed transition/implementation plan outlining the key activities required to establish the entity, its structures (legal, governance and operational), systems and processes
- Transition/implementation plan to incorporate proposed method for consultation with appropriate stakeholders
- Outline the key phases in the implementation processes
- Assign tasks, milestones, timing and responsibility for delivery.

Finding: Implementation stages

Having determined the scope of functions for the recreational fishing project delivery entity, key questions to determine the transition need to be addressed:

- Should the transition from current internal departmental delivery to a dedicated internal or external entity be staged?
- If there is a staged transition, what is the minimum funding, scale and profile of recreational fishing enhancement projects the entity will require to warrant the costs of adopting (a) a service agency form and (b) a statutory authority or company form?

Regardless of the final form of the entity, implementation is likely to span the three years of the initial business plan. The detailed activities will need to be defined as part of the business planning process; however implementation will be characterised by two distinct stages:

Stage 1 – Establish entity and start up operations

This stage will include all activities required to establishing the legal entity and transition activities, including the transitioned programs to the entity. It will include, preparing all appointments of a transition manager, legal advisors, preparation of instrument of establishment and/or constitution, selection and appointment of the Board (Chairman) and CEO, preparation of the business plan, and establishment of necessary infrastructure. The initiator and transition manager will be involved during this phase. The timing and duration of this phase is dependent on a number of factors and will likely span a 6 to 12 month period.

Stage 2 – Ongoing operations and program delivery

Ongoing operations are those activities outlined in the business plan necessary to deliver of the organisations goals and objectives. It is anticipated that these activities will be the responsibility of the CEO and Board of the entity.

Appendix A – Case studies

Fisheries Victoria, Department of Primary Industries (Victoria)

The Department of Primary Industries (DPI) is responsible for agriculture, fisheries, earth resources, energy and forestry. DPI works with fishing industries (as well as agriculture, mining, petroleum and forestry industries).

Fisheries Victoria (FV) is a division of DPI and manages Victoria's fisheries resource by developing and implementing policies and projects and delivering a wide range of services.

Scope of functions

The business and functions of Fisheries Victoria can be characterised as 'securing' fisheries resources, 'sharing' fisheries resources and 'growing' or developing the value of the resource for the benefit of the community:

- Securing the fish – involves achieving sustainable fisheries by minimising the impact of fishing on the environment
- Sharing the fish – involves allocating fisheries resources in the public interest, taking into account the economic and social interests of all stakeholders and preserving the community value of the fisheries resource
- Growing the value – involves having competitive fishing industries and increasing the productivity and value of fisheries resources, the profitability of the industries and the resilience of the livelihoods they support.⁵

Fisheries activities include:

- Licensing – FV manages fishing licences with revenue from these licence fees being spent to improve angling opportunities and fish habitats in Victoria. A Recreational Fishing Licence (RFL) is required when taking, or attempting to take, any species of fish by any method. A Recreational Fishing Licence (RFL) can be purchased for periods of 48 hours (\$6), 28 days (\$12), one year (\$24.50) and three years (\$66).⁶
- Fish stocking – each year FV releases between 300-400,000 trout and salmon into Victoria's public waterways for recreational fishing and between 700,000-1,000,000 native fish for environmental management.⁷
- Information dissemination – FV produces information including the Recreational Fishing Guide⁸ and a guide to bays and inlets as defined in the *Fisheries Regulations 2009*.⁹

⁵ DPI, 2006, *Fisheries Victoria Positioning Statement 2006-2010*, available at [http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/2726E5AE42CC8BDECA257506001C17EF85BCE8A032C4BCE1CA2573DA0014ABEB/\\$file/Positioning%20Statement.pdf](http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/2726E5AE42CC8BDECA257506001C17EF85BCE8A032C4BCE1CA2573DA0014ABEB/$file/Positioning%20Statement.pdf), accessed 23 October 2009.

⁶ DPI Recreational Fishing Licence page, available at <http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/childdocs/-B43DB2A1BECEB2A04A256812001DD817-95B829F72E1283B64A256A65000B6247?open>, accessed 23 October 2009.

⁷ DPI Fish Stocking page, available at <http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/childdocs/-B43DB2A1BECEB2A04A256812001DD817-50E6069BC86D0677CA256C77001E54F4?open>, accessed 23 October 2009.

⁸ DPI Recreational Fishing Guide, available at <http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/038067B67D8D0260CA2571F6007C592FB43DB2A1BECEB2A04A256812001DD817>, accessed 23 October 2009.

Deloitte: Recreational fishing program delivery governance project

Different models for participation in operations of the entity

While FV does not have members, it does offer volunteer programs including:

- Fishcare Volunteer Program – where volunteers focus on educating recreational fishers about being well informed and acting responsibly, offering fishing workshops, public displays and angling club visits¹⁰
- Marine Discovery Centre Volunteer Program – volunteers support educational programs conducted by the centre.¹¹

Other ways of participating in FV include being in the Recreational Fishing Grants Working Group or participating in the Recreational Fishing Grant Program (RFGP).¹²

Integration with stakeholders/non-participants

FV's external stakeholders include recreational users, aquaculturalists, commercial fishers, cultural users and the broader community.¹³ It also consults with various stakeholders, including representative peak bodies such as VRFish, other government departments, local governments, industry, business and other community groups.

Governance arrangements & funding

FV reports to the Minister through the department and is funded from state appropriations through DPI.

DPI reports to the Minister for Energy and Resources and the Minister for Agriculture. Funding sources in 2008-09 for DPI included state appropriations (\$356.2m), industry and Commonwealth funding (\$163.1m), commercial revenue (\$29.7m), recreational fishing licences (\$5.2m) and other revenue (\$10.1m)¹⁴

⁹ DPI guide to bays and inlets, available at <http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/403B3B31EB4D4A47CA25756E0005A9DCD45F5C300E5D2ED54A2567D700236463>, accessed 23 October 2009.

¹⁰ DPI Fishcare Volunteer Program, available at <http://www.dpi.vic.gov.au/dpi/nrenfaq.nsf/LinkView/109B328FC4113D7D4A256763002669A665A2C6132A703367CA256C6F001CB4C6>, accessed 30 November 2009.

¹¹ DPI Marine Discovery Centre Volunteer Program, available at <http://www.dpi.vic.gov.au/dpi/nrenfaq.nsf/LinkView/F3E2FA11507F25F2CA2574BF00274C99AF299D9126EAD105CA256C6F0017D2C3#volunteer>, accessed 30 November 2009.

¹² DPI Recreational Fishing Grants Working Group, available at <http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/childdocs/-B43DB2A1BECEB2A04A256812001DD817-0351E255B148BB13CA2575D00010C068?open>, accessed 23 October 2009.

¹³ DPI, 2006, *Fisheries Victoria Positioning Statement 2006-2010*, available at [http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/2726E5AE42CC8BDECA257506001C17EF85BCE8A032C4BCE1CA2573DA0014ABEB/\\$file/Positioning%20Statement.pdf](http://www.dpi.vic.gov.au/DPI/nrenfaq.nsf/LinkView/2726E5AE42CC8BDECA257506001C17EF85BCE8A032C4BCE1CA2573DA0014ABEB/$file/Positioning%20Statement.pdf), accessed 23 October 2009.

¹⁴ DOJ, 2009, Annual Report 2008-09, p. 13, available at http://new.dpi.vic.gov.au/_data/assets/pdf_file/0007/10006/AnnualReport20082009Final.pdf, accessed 23 October 2009.

Futurefish Foundation (Victoria)

Scope of functions

Futurefish Foundation is a non-profit charitable organisation, originally incorporated as the Rex Hunt Futurefish Foundation in 1999, and dedicated to protecting and enhancing recreational fishing in Victoria through a range of initiatives including environmental, educational and fish stocking projects as well as projects that improve fish habitat, access and facilities.

The Foundation has introduced more than 12,000 children to recreational fishing, and recently provided more than 3000 fishing rods and reels to children throughout Victoria.¹⁵

The Foundation has also released more than 3 million fish into Victorian waters as well as rehabilitated numerous waterways to improve fish habitats.¹⁶

Different models for participation in operations of the entity

The Foundation has memberships and provides members with information about events, activities and fundraisers and guarantees members' interests as recreational fishers will be represented to government. Membership does not include voting rights (which board members enjoy).

The Foundation also organises or participates in various events such as the Mates Day on the Bay for people with disabilities held each October and attracting up to 500 people each year.

Integration with stakeholders/non-participants

Futurefish Foundation shares a formal alliance with the Australian Fishing Trade Association and works closely with other organisations such as VRFish, the Australian Trout Foundation and Native Fish Australia. The Foundation also works with the Victorian Government to provide innovative and sustainable fishing ideas that will improve and grow recreational fishing in Victoria

Governance arrangements

Futurefish Foundation is a public (unlisted) company, limited by guarantee.¹⁷ A board of 10 businesspeople works with a full time Executive Officer to manage the Foundation.

Futurefish Foundation is endorsed by the Australian Taxation Office for charity tax concessions.¹⁸

It also became a Registered Environmental Organisation (REO) with the Commonwealth Governments Department of Environment, Water, Heritage and the Arts in October 2005. The Foundation has a Futurefish Foundation Trust with which it can raise money through tax-deductable donations for projects with an environmental focus. The Trust has a Public Fund Management Committee (formed by 3 board members) to decide how to spend the Trust money.¹⁹

Funding sources and distribution of profit

Originally, the Victorian Government agreed to match dollar-for-dollar of money raised by the Foundation up to \$250,000 per year for the first year.²⁰

Now money raised through Futurefish Foundation Environmental Trust which currently operates on approximately \$60,000 pa is from public and corporate donations.²¹

¹⁵ Futurefish Foundation website, available at <http://www.futurefish.com.au/>, accessed 4 November 2009.

¹⁶ Ibid.

¹⁷ Futurefish Foundation Annual Report 2009, p.2.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Futurefish Foundation, 2004, Fives-Years: 1999-2004, p. 3, available at http://www.futurefish.com.au/pdf/1999-2004_The_Fisrt_Five_Years.pdf, accessed 30 November 2009.

Deloitte: Recreational fishing program delivery governance project

VRFish (Victoria)

Scope of functions

VRFish is the Victorian Recreational Fishing Peak body and representative organisation for recreational fishers in Victoria.

Its functions include to:

- Consult broadly with the recreational fishing community to represent the views of recreational fishers in an accurate and timely manner to Government and their agencies, as well as communicate effectively with the recreational fishers of Victoria
- Ensure full access to a diverse and healthy Victorian recreational fishery
- Represent and advocate the interests of the Victorian recreational fishing community.²²

Different models for participation in operations of the entity

VRFish provides memberships and has 23 members, many of which are angling clubs from across the State.²³

Integration with stakeholders/non-participants

VRFish interacts with many key stakeholders, some of which include the Victorian Government; Victorian statutory authorities, such as the Environment Protection Authority and Catchment Management Authorities; retailers; clubs and associations; media; local governments; Victorian Coast Guard, Coastal Boards and Life Saving Victoria; and other State peak bodies.²⁴

Governance arrangements

VRFish is a company limited by guarantee without a share capital. It has a board with 9 members including a chairman.²⁵ VRFish is governed by its constitution.²⁶ It also has four staff, 50 affiliated member delegates and 20 unaffiliated member delegates.²⁷

The members of VRFish, the State Council, must meet 4 times a year for a general meeting and an Annual Meeting must be held once a year. The Board must prepare financial statements for members

²¹ Futurefish Foundation Environmental Trust page, available at http://www.futurefish.com.au/enviro_trust.php, accessed 4 November 2009.

²² VRFish website, available at http://www.vrfish.com.au/index.php?option=com_content&view=article&id=131&Itemid=4, accessed 23 October 2009.

²³ VRFish members page, available at http://www.vrfish.com.au/index.php?option=com_sobi2&catid=30&Itemid=10, accessed 30 November 2009.

²⁴ VRFish 2007-2012 Strategic Business Plan, available at <http://www.vrfish.com.au/images/stories/pdfs/Strategic%20Business%20Plan%202007-2012.pdf>, accessed 30 November 2009.

²⁵ VRFish, 2006, Constitution of the Victorian Recreational Fishing Peak Body [VRFish], available at <http://www.vrfish.com.au/images/stories/pdfs/060701%20CONSTITUTION%20Version%202.pdf>, accessed 23 October 2009.

²⁶ Ibid.

²⁷ VRFish website, available at http://www.vrfish.com.au/index.php?option=com_content&view=article&id=131&Itemid=4, accessed 30 November 2009.

14 days prior to an Annual Meeting. VRFish's accounts must also be examined and reported on by an auditor once a year.²⁸

Funding sources and distribution of profit

VRFish's revenue is collected from recreational fishing licences. Its anticipated revenue for 2009-10 is \$450,090.²⁹

²⁸ VRFish, 2006, Constitution of the Victorian Recreational Fishing Peak Body [VRFish], available at <http://www.vrfish.com.au/images/stories/pdfs/060701%20CONSTITUTION%20Version%202.pdf>, accessed 23 October 2009.

²⁹ VRFish, 2009, *2009-2010 VRFish Business Plan*, p. 11, available at <http://www.vrfish.com.au/images/stories/pdfs/Business%20Plan%202009-2010.pdf>, accessed 23 October 2009.

Service agency contracting model

Government Services Group (Victoria)

The Government Services Group (GSG) is a division within the Department of Treasury & Finance, and was established to respond to the need for a more integrated management of common services for the Victorian Government.

The GSG assists all government departments and agencies to achieve their business objectives through innovative management of common services and in implementing efficiency measures.³⁰

GSG's functions and responsibilities include:

- The delivery of procurement policies, standards and services, including advice and training to enhance the capability of government buyers and suppliers;
- Sourcing, category management, and tools providing market analysis, supplier negotiation, contract management for high value government wide contracts;
- Vehicle fleet management, including vehicle hire and lease services and vehicle acquisition and disposal services;
- Overseeing, planning and advising on accommodation related matters, including office leasing, fit-out, refurbishment and security;
- ICT services supporting deployment, investment and infrastructure, including development of architecture policies, standards and guidelines and the management of a range of ICT services and contracts; and
- Maintenance and upgrading of government buildings including the Heritage listed Treasury precinct.³¹

As a division of DTF, the GSG reports through the department and is funded through government appropriations.

Major Projects Victoria

Major Projects Victoria (MPV) is part of the Investment & Major Projects Division of the Department of Innovation, Industry and Regional Development (DIIRD).³² It was established in 1988 to provide project delivery services to Government departments and other agencies undertaking large-scale, one-off projects outside their normal capital works programs.³³

MPV plans, manages and facilitates key Victorian Government infrastructure and land development projects. MPV uses traditional project delivery approaches and works for client agencies as well as public private partnerships. Examples of projects it has delivered include Southern Cross Station and the Austin Health redevelopment.³⁴

MPV reports to the Minister for Major Projects via the Investment & Major Projects Deputy Secretary and is funded through DIIRD.³⁵

³⁰ Department of Treasury and Finance website, available at <http://www.dtf.vic.gov.au/CA25713E0002EF43/pages/services-to-government>, accessed 12 November 2009.

³¹ Ibid.

³² Department of Innovation, Industry and Regional Development website, available at <http://www.diird.vic.gov.au/business-units/invest-victoria>, accessed 30 November 2009.

³³ Ibid.

³⁴ Major Projects Victoria website, available at <http://www.majorprojects.vic.gov.au/our-projects/our-past-projects>, accessed 30 November 2009.

³⁵ Major Projects Victoria website, available at <http://www.majorprojects.vic.gov.au/about>, accessed 30 November 2009.

Nature Conservation Trust (NSW)

Scope of functions

The Nature Conservation Trust of New South Wales (NSW) is a non-profit organisation set up under the *Nature Conservation Trust Act 2001* to promote nature conservation on private land in NSW.³⁶ The Trust buys sells and protects properties of high conservation value, supporting the owners to maintain and enhance their land's ecological values.³⁷ It also has the power to borrow money and to make or enter into contracts.

Different models for participation in operations of the entity

Participation can be through donations, bequests or gifts of land, or through purchasing a property from the Nature Conservation Trust.

Integration with stakeholders/non-participants

The Nature Conservation now operates five Revolving Funds, for the Australian and NSW Governments, NSW Environmental Trust, Lachlan and Central West Catchment Management Authorities and NSW Roads & Traffic Authority.³⁸ It has also completed or is currently working across six Covenanted Programs with funding from the NSW Government, Northern Rivers and Hawkesbury-Nepean Catchment Management Authorities.³⁹

Other partners include Allens Arthur Robinson (pro-bono legal support), Great Eastern Ranges Initiative and Murray CMA.⁴⁰

Governance arrangements

The Nature Conservation Trust gained tax deductible status through an associated entity, The Nature Trust, and protects properties with high conservation values through its Revolving Fund, Trust Agreement, and Monitoring and Support Programs:

- Revolving Fund(s) – is used to purchase properties with high conservation values. The trust then manages the property to maintain and improve the property conservation and agricultural assets and then sell it to a supportive new owner with a conservation agreement attached.
- Trust Agreement –are registered on the titles of properties with high conservation values. A management plan is prepared for each property to assist the new owner in meeting the trust agreement requirements.
- Monitoring and support programs – once a trust agreement is registered, new land owners are supported by the Nature Conservation Trust through its Monitoring and Support Program which provides regular guidance in managing the natural heritage values that are protected by the Trust Agreement.⁴¹

³⁶ Nature Conservation Trust (NSW) website, available at <http://nct.org.au/about-us/about-the-nct.html>, accessed 2 November 2009.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Nature Conservation Trust partnerships, available at <http://nct.org.au/partnerships/>, accessed 30 November 2009.

⁴¹ Nature Conservation Trust (NSW) website, available at <http://nct.org.au/about-us/about-the-nct.html>, accessed 2 November 2009.

The Nature Conservation Trust must report annually to the NSW Minister for Climate Change and the Environment, including its financial statements of the past 12 months.⁴² The trust is also managed by a board with 9 part-time members (of which one must be Aboriginal and one must be an officer the Department of Environment and Climate Change).⁴³

Funding sources and distribution of profit

In its second year the organisation received \$2million from the Australian and State Governments, enabling it to establish its Revolving Fund, and gained tax deductible status through an associated entity, The Nature Trust. The Nature Conservation now operates five Revolving Funds totalling \$25 million and has completed or is currently working across six Covenanting Programs with funding of \$480,000.⁴⁴

⁴² Section 16, *Nature Conservation Trust Act 2001*, available at <http://www.legislation.nsw.gov.au/scanview/inforce/s/1/?TITLE=%22Nature%20Conservation%20Trust%20Act%202001%20No%2010%22&nohits=y>, accessed 30 November 2009.

⁴³ Section 18, *Nature Conservation Trust Act 2001*, available at <http://www.legislation.nsw.gov.au/scanview/inforce/s/1/?TITLE=%22Nature%20Conservation%20Trust%20Act%202001%20No%2010%22&nohits=y>, accessed 30 November 2009.

⁴⁴ Nature Conservation Trust (NSW) website, available at <http://nct.org.au/about-us/about-the-nct.html>, accessed 2 November 2009.

Irrigation Corporation model (NSW)

Scope of functions

Five irrigation corporations were created by the *Irrigation Corporations Act 1994* (NSW) under reforms to the management of government owned irrigation systems in NSW. The five corporations are:

- Coleambally Irrigation Ltd (now known as Coleambally Irrigation Cooperative Ltd)
- Jemalong Irrigation Ltd
- Murray Irrigation Ltd
- Murrumbidgee Irrigation
- Western Murray Irrigation Ltd.⁴⁵

These corporations were created as State-owned corporations and were then privatised. Each irrigation corporation holds an operating licence to supply water provided to it under licence and to exercise the functions delegated to it under the *Irrigation Corporations Act 1994*.⁴⁶ The five corporations have now been listed as 'Irrigation Corporations' under Schedule 1 of the *Water Management Act 2000*.

Different models for participation in operations of the entity

The Irrigation Corporations have shareholders whose holdings are managed on their behalf by their corporation. These shareholders were the existing water entitlement holders before reform.⁴⁷

Integration with stakeholders/non-participants

The irrigation corporations have links with other irrigation networks, government, and businesses. For example, Murray Irrigation:

- Operates a wholly owned subsidiary, MILCast, that supplies concrete structures for the local irrigation system and for organisations such as Snowy Hydro Ltd
- Entered a joint venture in 2004 with Automated Water Management Australia and has a 50% share in the newly formed company AWMA Pty Ltd, which designs, manufactures and installs automated water management infrastructure to farms, irrigation supply companies and urban water authorities.⁴⁸

Governance arrangements

Each irrigation corporation has company directors. For example, Murray Irrigation has 10 company directors including eight directors who are irrigators, and two directors with skills in engineering and finance. All directors are elected by Murray Irrigation's irrigator shareholders. The company secretary and general manager answer directly to the board of directors. The operations are divided into eight sections: water distribution, works; engineering services; environmental services; financial services, policy development and liaison, corporate services and MILCast irrigation products.⁴⁹

⁴⁵ NSW Office of Water website, available at <http://www.water.nsw.gov.au/Water-Licensing/Corporate-licences/Irrigation-corporations/Irrigation-corporations/default.aspx>, accessed 30 November 2009.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Murray Irrigation Ltd, *Corporation Profile*, available at <http://www.murrayirrigation.com.au/files/3247805.pdf>, accessed 30 November 2009.

⁴⁹ Ibid.

Funding sources and distribution of profit

The irrigation corporations levy access charges on entitlements to have irrigation water delivered within the irrigation district (levy is according to the number of entitlement held by a landowner). For example, Murray Irrigation has an annual turnover of up to \$40 million and 125 permanent staff.⁵⁰

⁵⁰ Ibid.

Field and Game Australia

Scope of functions

Field and Game is a voluntary organisation formed by hunters which provides for the:

- Responsible activities of members
- Active conservation of game and habitat
- Education and training of members
- Promotion of game hunting in an orderly and accepted manner
- Promotion of public understanding and acceptance of its activities
- Unity of field sportsmen in the respect of game and habitat.⁵¹

Different models for participation in operations of the entity

Field and Game Australia provides membership with benefits for members include:

- Involvement in wetland conservation work
- Participation in the annual organised duck hunt
- Opportunities to take part in vermin control activities
- Social and competitive clay target shooting
- Public liability insurance cover of \$20 million and a \$600 firearm indemnity
- Issues of the shotgunners magazine “Feathers and Fur.”

It represents almost 15,000 members.⁵²

Integration with stakeholders/non-participants

Field and Game Australia has partnerships with government and the community to manage and sustainably use Australia's wetlands for future generations by protecting game habitats through conservation.⁵³

Field and Game Australia also has representation on Game Management Advisory Committees in Victoria, NSW and Tasmania and provides regular submissions to the Federal and State Governments on behalf of small game hunters and responsible firearm owners.⁵⁴

Governance arrangements

Field and Game Australia is an incorporated association with a national office in Seymour and more than 60 branches around Australia.

⁵¹ Field and Game Australia Mission Statement, available at <http://www.fga.net.au/www/251/1001127/displayarticle/mission-statement--1001949.html>, accessed 23 October 2009.

⁵² Field and Game Australia website, available at <http://www.fga.net.au/www/251/1001127/displayarticle/today-s-fga--1028166.html>, accessed 30 November 2009.

⁵³ Field and Game Australia Mission Statement, available at <http://www.fga.net.au/www/251/1001127/displayarticle/mission-statement--1001949.html>, accessed 23 October 2009.

⁵⁴ Field and Game Australia Benefits, available at <http://www.fga.net.au/www/251/1001127/displayarticle/benefits--1001292.html>, accessed 30 November 2009.

Funding sources and distribution of profit

Field and Game earns revenue from the shooters licence, which today raises over \$4 million annually and the recently introduced game licence raises another \$1.25 million annually.⁵⁵ In addition to licence revenue it undertakes voluntary conservation projects using its own financial and human resources. These projects may involve building and maintenance of water control structures, revegetation works, pest animal control, waterfowl monitoring, construction and installation of duck nesting boxes and research.

⁵⁵ Field and Game Australia website, available at <http://www.fga.net.au/www/251/1001127/displayarticle/history--1001263.html>, accessed 30 November 2009.

Australian Conservation Foundation

Scope of functions

The Australian Conservation Foundation (ACF) campaigns to protect restore and sustain the environment. Its overall vision is to inspire and promote a society which is environmentally aware and responsible.⁵⁶

ACF's objectives include to work towards a society which protects, sustains and restores the environment; stimulate public and political discussion of ideas and actions for the environment; strengthen the organisation; and broaden and strengthen the environment movement.⁵⁷

Different models for participation in operations of the entity

The ACF provides various forms of membership, including ordinary annual members (full and concession), member bodies (a corporation or organisation such as a school or community group), life membership and honorary life membership, benefactors and national sponsor members, and associate members.⁵⁸

The ACF also attracts hundreds of volunteers each year and currently employs 80 staff.⁵⁹

Integration with stakeholders/non-participants

ACF has significant financial and in-kind support from trusts, foundations and businesses.⁶⁰ It appeals to the Government and the major political parties on environmental issues.

In other examples of its information dissemination capacity, the ACF:

- Ran an election scorecard in 2007 where each political party was measured against five key areas, including cutting carbon pollution and restoring river health and urban water supplies
- Produced Community Climate Action Kits in 2008 to advise people on how to reduce household production of carbon pollution.⁶¹

Governance arrangements

The ACF is a national, community-based environmental incorporated association with charitable status (exempt from paying income tax). The ACF has the following responsible bodies:

- A 36-member Council, which is a representative body elected by the members, with responsibility to appoint the Board and to develop strategic direction. Councillors are elected in each State by members in each electorate.
- A board responsible for governance of ACF with a president, two vice presidents, four councillors and up to four co-opted board members, including a treasurer.⁶²

⁵⁶ Australian Conservation Foundation, available at http://www.acfonline.org.au/default.asp?section_id=231, accessed 30 November 2009.

⁵⁷ Australian Conservation Foundation Objectives, available at http://www.acfonline.org.au/articles/news.asp?news_id=339, accessed 30 November 2009.

⁵⁸ Australian Conservation Foundation Membership, available at http://www.acfonline.org.au/articles/news.asp?news_id=507, accessed 30 November 2009.

⁵⁹ Australian Conservation Foundation Structure, available at http://www.acfonline.org.au/articles/news.asp?news_id=487, accessed 30 November 2009.

⁶⁰ Australian Conservation Foundation Australia, 2009, *Annual Report 2007-08*, available at http://www.acfonline.org.au/uploads/res/1540_ACF_2008_AR_07_web.pdf, accessed 27 October 2009.

⁶¹ Ibid.

⁶² Australian Conservation Foundation Structure, available at http://www.acfonline.org.au/articles/news.asp?news_id=487, accessed 30 November 2009.

The ACF is able to purchase and sell real or personal property, collect funds, raise or borrow money, undertake or execute trusts, and make promissory notes.⁶³ The ACF Board must prepare an annual report with financial statements and have the financial affairs of the Foundation audited once a year.⁶⁴

Funding sources and distribution of profit

In 2007-08, 87% of ACF's \$13m income came from supporters, 10% from Government and 3% from business.⁶⁵

⁶³ Section 3, Australian Conservation Foundation Constitution, available at http://www.acfonline.org.au/uploads/res/ACF_Constitution_2006.pdf, accessed 30 November 2009.

⁶⁴ Section 29, Australian Conservation Foundation Constitution, available at http://www.acfonline.org.au/uploads/res/ACF_Constitution_2006.pdf, accessed 30 November 2009.

⁶⁵ Australian Conservation Foundation Australia, 2009, *Annual Report 2007-08*, available at http://www.acfonline.org.au/uploads/res/1540_ACF_2008_AR_07_web.pdf, accessed 27 October 2009.

Wild Trout Trust (Britain & Ireland)

Scope of functions

The Wild Trout Trust (WTT) is Britain and Ireland's only national body dedicated to the protection and survival of its only native species of trout.

At the end of 2008, the WTT had conducted over 300 habitat surveys on waters in England, Scotland, Wales and Ireland. These surveys have already covered hundreds of kilometres of river, and 90 per cent of surveys have resulted in conservation projects. These projects improved 300 kilometres of water and increased the survival chances of wild trout populations.⁶⁶

The WTT also undertakes a range of educational activities designed to increase public understanding the wild trout's place in Britain and Ireland's wildlife heritage, and the factors which govern the fish's existence. Occasionally, the trust also supports relevant research into these matters.⁶⁷

Different models for participation in operations of the entity

WTT provides various forms of membership including for individuals, clubs, businesses and hotels. It now has 2500 members.⁶⁸

Integration with stakeholders/non-participants

The Trust is a partner of the Environment Agency and Natural England, both of which fund some of the Trust's key conservation projects. In addition, the WTT works with the Wildlife Trusts, the National Trust, the Game Conservancy Trust, the Association of River Trusts and the Loughs Agency in Ireland. It has a respected voice in other forums.⁶⁹

Any individual or organisation responsible for a wild trout population such as a riparian owner, fishing club, community volunteer group, or another charity in Britain and Ireland, can call on the WTT for help, advice and support.⁷⁰

Governance arrangements

The WTT was founded as the Wild Trout Society in 1997 and achieved charitable status in 1999.⁷¹

It has a president, 11 vice presidents, 5 trustees, 7 voluntary executive committee members and 6 staff, including 4 full-time and 2 part-time.⁷²

Funding sources and distribution of profit

The WTT's income is derived from the donations of individual members, fishing clubs, conservation partners, trade members, and corporate sponsors. While the exact income of WTT is unclear, £80,000

⁶⁶ Wild Trout Trust website, available at http://www.wildtrout.org/index.php?option=com_content&task=view&id=165&Itemid=221, accessed 4 November 2009.

⁶⁷ Ibid.

⁶⁸ Wild Trout Trust history, available at http://www.wildtrout.org/index.php?option=com_content&task=view&id=24&Itemid=135, accessed 30 November 2009.

⁶⁹ Wild Trout Trust website, available at http://www.wildtrout.org/index.php?Itemid=221&id=165&option=com_content&task=view, accessed 30 November 2009.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Wild Trout Trust organisational structure, available at http://www.wildtrout.org/index.php?option=com_content&task=view&id=111&Itemid=138, accessed 4 November 2009.

was earmarked for conservation work in 2005-06 and this can provide some indication of the level of income WTT earns.⁷³

⁷³ Wild Trout Trust website, available at http://www.wildtrout.org/index.php?option=com_content&task=view&id=24&Itemid=135, accessed 4 November 2009.

Wye & Usk Foundation (England & Wales)

Scope of functions

The Wye & Usk Foundation is a charity concerned with restoring the habitat, water quality and fisheries of the rivers Wye and Usk.

In 2000 the Foundation was granted registered charity status with the following charitable objects:

- To conserve, protect, rehabilitate and improve the salmon and other indigenous species of animal and plant life of the rivers Wye and Usk, their tributaries, streams and watercourses and the banks, riparian lands and catchments of the river
- To advance the education of the public in the conservation of rivers, river corridors and their animal and plant life and the need for conservation, protection, rehabilitation and improvement of such environments.⁷⁴

Different models for participation in operations of the entity

The Foundation takes volunteers at certain times of year and provides membership (donor, patron and life patron) with benefits including newsletters, free admission to all Foundation events, river walks and presentations.⁷⁵

Integration with stakeholders/non-participants

Each project undertaken by the Foundation is a partnership of organisations concerned with the particular activity that each project is actively engaging in. This enables financial resources and skills to be brought together, extending the available funding and range of activities undertaken. Partners include the UK Department for Environment, Food and Rural Affairs, the European Regional Development Fund and Esmée Fairbairn Foundation.⁷⁶

Governance arrangements

The Foundation was incorporated in 1997 as a company limited by guarantee and registered as a charity. The Foundation is governed by 14 trustees including a chairman, who are responsible for the Foundation's activities. The Foundation also has a steering group of 13 people and 7 administrative staff. The trustees must prepare annual reports for the Charity Commissioners of England and Wales and Registrar of Companies.⁷⁷

Funding sources and distribution of profit

In 2008, the Foundation's revenue was £710,932.⁷⁸ Half of this revenue was earned from grants and other income, while the other half was from donated services, donations and subscriptions and other income. The Foundation distributed spent 95% of its income on river & fishery improvement.⁷⁹

⁷⁴ Wye and Usk Foundation website, available at <http://www.wyeuskfoundation.org/>, accessed 30 November 2009.

⁷⁵ Wye and Usk Foundation volunteer work, available at <http://www.wyeuskfoundation.org/joinus/volunteer.php>, accessed 30 November 2009.

⁷⁶ Wye and Usk Foundation projects, available at <http://www.wyeuskfoundation.org/projects/index.php>, accessed 30 November 2009.

⁷⁷ Wye and Usk Foundation organisational structure, available at <http://www.wyeuskfoundation.org/whoswho.php>, accessed 4 November 2009.

⁷⁸ Wye and Usk Foundation accounts, available at <http://www.wyeuskfoundation.org/accountsdec2008.pdf>, accessed 4 November 2009.

⁷⁹ Ibid.

Angling Trust (UK)

Scope of functions

The Angling Trust has been formed from an historic merger of six angling and conservation organisations in January 2009. Other bodies, including the Angling Development Board, will merge with the Angling Trust in the near future.

The Angling Trust is the single organisation to represent all game, coarse and sea anglers and angling in England. It lobbies government, campaigns on environmental and angling issues and runs national and international competitions. It fights pollution, commercial over-fishing at sea, over-abstraction, poaching, unlawful navigation, local bans and other threats to angling.⁸⁰

Different models for participation in operations of the entity

The Angling Trust provides memberships for individuals, angling clubs, tackle shops, river associations, consultatives, river associations, charter boat skippers, fishery and riparian owners. It has approximately 10,000 individuals and 1,100 clubs in membership.⁸¹ It also has volunteers for various roles such as coach, water bailiff, and fishery officer.

Integration with stakeholders/non-participants

The Angling Trust has formed a partnership with World Wildlife Fund (WWF) and the Hong Kong and Shanghai Banking Corporation (HSBC) Climate Partnership to campaign about environmental issues affecting its members at a local and national level.⁸² It also campaigns at the local and national government level on environmental and angling issues.

Governance arrangements

As the governing body for all angling, the Angling Trust seeks government funding to develop the sport from local participation through to elite performance. They develop programmes with clubs to increase participation, particularly amongst novice fishers.

The Angling Trust has a legal arm, Fish Legal, which uses the law to fight pollution and other damage to fisheries on behalf of member clubs, fisheries and riparian owners.⁸³

Funding sources and distribution of profit

The Angling Trust is funded by member subscriptions and fundraising from external sources and the WWF has agreed to make a contribution to the costs of the Angling Trust's campaigns on issues affecting water environments for three years. While the Trust began with £58,000 instead of the £150,000 it expected, it hopes to increase its revenue significantly.⁸⁴

⁸⁰ Angling Trust about us, available at <http://www.anglingtrust.net/page.asp?section=30§ionTitle=About+Us>, accessed 30 November 2009.

⁸¹ Angling Trust website, available at <http://www.anglingtrust.net/page.asp?section=423§ionTitle=Angling+Trust+Alive+and+Kicking>, accessed 4 November 2009.

⁸² Angling Trust environment & conservation, available at <http://www.anglingtrust.net/page.asp?section=46§ionTitle=Environment+%26+Conservation>, accessed 30 November 2009.

⁸³ Fish Legal, available at <http://www.fishlegal.net/landing.asp?section=158§ionTitle=Fish+Legal>, accessed 30 November 2009.

⁸⁴ Angling Trust about us, available at <http://www.anglingtrust.net/page.asp?section=30§ionTitle=About+Us>, accessed 30 November 2009.

Trout Unlimited Canada

Scope of functions

Trout Unlimited Canada (TUC) was founded in Montreal in 1972 as a coldwater conservation organisation and is volunteer-driven and member based.⁸⁵

Its mission is to conserve, protect and restore Canada's freshwater ecosystems and coldwater resources for current and future generations.⁸⁶

TUC's goals include:

- To conserve and protect Canada's freshwater fish and their ecosystems and restore their coldwater resources to a healthy and productive state
- To develop and apply effective, science-based and measurable coldwater conservation solutions in the field;
- To inform the public about coldwater conservation issues and educate communities about their watersheds;
- To build and sustain a healthy organisation.⁸⁷

Different models for participation in operations of the entity

Members include regular, youth, family, guide-group, corporate and lifetime members. In addition to membership to their local TUC chapter (branch), member benefits include a year subscription to the *Canadian Fly Fisher* magazine and a trout pin.⁸⁸ TUC has approximately 4000 members in 33 chapters across Canada.⁸⁹

Integration with stakeholders/non-participants

TUC has the following stakeholders:

- Supporters – who have made long-term agreements of support for TUC or have made significant contributions to its established programs. Examples of supporters include Toyota Canada, Alberta Conservation Association and Shell Environmental Fund⁹⁰
- Partners – included other like-minded groups that undertake work related to the health of Canada's freshwater ecosystems. Examples of partners include Agriculture Canada and Fisheries & Oceans Canada.⁹¹

Governance arrangements

TUC is an unlimited company (a company form similar to a limited company, but where the liability of the members or shareholders is unlimited so that they are liable for any shortfall if the company goes into liquidation) with a board of 12 directors including a chairperson and vice chairperson.

⁸⁵ Trout Unlimited website, available at <http://www.tucanada.org/index.php>, accessed 28 October 2009; Annual Report 2008 available at http://www.tucanada.org/images/publications/AR_2008.pdf, accessed 28 October 2009.

⁸⁶ Trout Unlimited mission statement, available at http://www.tucanada.org/TUC_mission.shtml, accessed 30 November 2009.

⁸⁷ Ibid.

⁸⁸ Trout Unlimited members, available at http://www.tucanada.org/TUC_membership.shtml, accessed 30 November 2009.

⁸⁹ Trout Unlimited mission statement, available at http://www.tucanada.org/TUC_mission.shtml, accessed 30 November 2009.

⁹⁰ Trout Unlimited supporters, available at http://www.tucanada.org/TUC_supporters.shtml, accessed 30 November 2009.

⁹¹ Trout Unlimited partners, available at http://www.tucanada.org/TUC_partners.shtml, accessed 30 November 2009.

Funding sources and distribution of profit

TUC's revenue in 2008 was approximately CAD2.4 million with funding from foundations, corporate donors, sponsors and partners in the form of fundraising dinners, donations, grants and other revenue.⁹²

⁹² Trout Unlimited Annual Report 2008, available at http://www.tucanada.org/images/publications/AR_2008.pdf, accessed 30 November 2009.
Deloitte: Recreational fishing program delivery governance project

Delta Waterfowl Foundation (Canada & US)

Scope of functions

Delta Waterfowl was founded in response to a decline in duck habitat to conserve waterfowl and secure the future for waterfowl hunting.⁹³

Its headquarters are in Winnipeg, Canada, and it has a United States office in Bismarck.

Its objectives include:

- Conduct high-quality research
- Train students
- Communicate results
- Evaluate new scientific techniques
- Influence public policy
- Preserve and promote hunting as an integral part of waterfowl management.⁹⁴

Different models for participation in operations of the entity

Delta Waterfowl provides membership for youths, supporters, sponsors, patrons and lifetime members. It has approximately 46,000 members.⁹⁵ Delta Waterfowl also welcomes donations for its hen house program, predator management, adapt-a-pothole program, voluntary restrain program (about ethics among waterfowlers), and its student research program.

Integration with stakeholders/non-participants

Delta Waterfowl has industry and business partners, including firearm and ammunition dealers, a pet food company, the U.S. Bank and hunting, fishing and outdoor gear companies.⁹⁶

Governance arrangements

Delta Waterfowl is a not for profit organisation managed by a board of directors. It has tax exempt status in the US and Canada.

Funding sources and distribution of profit

Delta Waterfowl had a 2008 revenue of more than USD7 million.⁹⁷ As a not for profit organisation, it spends its revenue primarily on funding projects to protecting waterfowl and waterfowl hunting (USD 4.2 million), fundraising expenses (USD1.6 million) and other administrative expenses (USD 75,000).⁹⁸

⁹³ Delta Waterfowl Foundation website, available at <http://www.deltawaterfowl.org/>, accessed 28 October 2009.

⁹⁴ Delta Waterfowl Foundation mission, available at <http://www.deltawaterfowl.org/about/mission.php>, accessed 30 November 2009.

⁹⁵ Delta Waterfowl Foundation about us, available at <http://www.deltawaterfowl.org/about/index.php>, accessed 30 November 2009.

⁹⁶ Delta Waterfowl Foundation partners, available at, <http://www.deltawaterfowl.org/partners/index.php>, accessed 30 November 2009.

⁹⁷ Charity Navigator, available at <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=7854>, accessed 4 November 2009.

⁹⁸ Ibid.

Ducks Unlimited (US)

Scope of functions

Ducks Unlimited (DU) was founded by a group of waterfowl hunters in 1937 and conserves, restores and manages wetlands and associated habitats for North America's waterfowl and hunting of them.⁹⁹

Different models for participation in operations of the entity

DU offers membership and has more than 780,000 members in Canada, Mexico and the US, and 80% of these members are hunters.¹⁰⁰ In 2007-08, DU volunteers hosted more than 4500 local fund-raising events such as member and sponsor banquets, shooting and fishing tournaments and golf outings. Since 1937, DU has been able to conserve more than 10 million acres of habitat across North America.¹⁰¹

Integration with stakeholders/non-participants

DU partners with a wide range of corporations, governments, other NGOs, landowners and the public to restore and manage areas that have been damaged and to prevent further degradation.

DU's corporate partners and sponsors include Bank of America, Budweiser, Canadian National Railway Company, Caterpillar, ChevronTexaco, Monsanto, Shell Oil, and Yamaha.¹⁰²

DU also has relationships with other stakeholders such as land owners who give DU a conservation easement over their property. Through conservation easements, interested owners of working farms, ranches, timberlands, sporting properties and recreational lands can protect valuable natural resources while retaining ownership of the property and continuing to use it for economic gain or recreation.¹⁰³

Governance arrangements

DU has a board of directors, a president, 15 senior vice presidents, and 7 regional vice presidents.¹⁰⁴ Donations to DU are tax deductible.

Funding sources and distribution of profit

DU raised USD261 million in 2007-08 and spent USD231 million of this on its conservation efforts. 24% of revenue came from federal and state governments, 42% for conservation easements, 19% events, sponsorship and membership, 12 % from gifts and 3% from royalties, advertising and other revenue.¹⁰⁵

⁹⁹ Ducks Unlimited about, available at <http://www.ducks.org/aboutdu/>, accessed 30 November 2009.

¹⁰⁰ Ibid.

¹⁰¹ Ducks Unlimited factsheet, available at http://www.ducks.org/media/News/_documents/National.pdf, accessed 30 November 2009.

¹⁰² Ducks Unlimited partners, available at http://www.ducks.org/Corporate_Partners/CorporatePartnersProducts/2111/CorporatePartnersProducts.html, accessed 30 November 2009.

¹⁰³ Ducks Unlimited easements, available at <http://www.ducks.org/Conservation/LandProtection/2825/ConservationEasements.html>, accessed 30 November 2009.

¹⁰⁴ Ducks Unlimited organisational structure, available at http://www.ducks.org/About_DU/DUContactsRegionalOffices/3240/DUContacts.html, accessed 4 November 2009.

¹⁰⁵ Ducks Unlimited, Annual Report 2008, available at http://www.ducks.org/media/About%20DU/Annual%20Report/_documents/2008/08AnnualReportFinancials.pdf, accessed 4 November 2009.

Appendix B – Transition cost consideration

A robust estimate of the level of establishment funding (start up and initial support for the first three years of operation) will need to be based on a detailed specification of the entity's roles and functions, and an appropriate understanding of the costs of establishing and operating the entity over the transition period. An initial indicative estimate of the minimum establishment and operating costs required over a four year incubation period (one year start up and three years of operations) is provided in Figure B.1.

These are high level estimates only and more rigorous analysis of potential costs should be included as part of a detailed planning phase, and once the scope and scale of the entity's operations has been agreed by DPI, and other relevant stakeholder groups.

Figure B.1: Indicative investment requirements

Structure	Start up activities (Year 0)	Indicative cost estimate (Year 0)	Ongoing operations (Year 1 to 3)	Indicative cost estimate (Year 1 to 3)	Total Investment (Year 0 to 3)
Service Agency	<p>The Service Agency form requires fewer start up activities than the Statutory Authority and Company Limited by Guarantee forms. A small budget to cover administrative obligations and transition management activities of DPI resources should be included to cover:</p> <ul style="list-style-type: none"> Define scope of operations and responsibility Develop Vision and Mission Statement Develop framework agreement between the entity and DPI Development of Service Level Agreements between the entity and DPI (Framework Agreement) Other administrative (Website development) 	\$50,000 to \$100,000	<p>Ongoing operational costs and staffing requirements are likely to remain as per current arrangements.</p> <p>DPI estimate the current effort associated with these basic functions is 4.0 FTE p.a. equating to approximate salary and on-cost of \$500,000.</p> <p>Including a 20% to 50% contingency to allow for additional administrative overheads associated with service delivery brings the estimate to between \$600,000p.a. and \$750,000p.a. to support staffing and program delivery.</p> <p>The estimate assumes the service agency form is accommodated within DPI, with access to existing support facilities including information technology and communications and utilities.</p>	\$675,000 p.a. for three years or \$2.025 million over three years	\$2.075 million (indicative)
Statutory authority	The Statutory Authority legal form has the most onerous start up activities of the three forms considered. It has	\$350,000 to \$400,00	The scale of operations will depend on the nature and scale of functions transitioned to the entity.	Approx \$500,000 p.a.	\$2.6 million (indicative)

Structure	Start up activities (Year 0)	Indicative cost estimate (Year 0)	Ongoing operations (Year 1 to 3)	Indicative cost estimate (Year 1 to 3)	Total Investment (Year 0 to 3)
	<p>higher levels of compliance and reporting requirements as a result of its linkages with government and parliamentary reporting obligations. Its key start up activities include:</p> <ul style="list-style-type: none"> Develop enabling legislation (confirm functions of the entity and commercial powers) Establish corporate governance arrangements (Board and management) Confirm funding arrangements and financial administration <ul style="list-style-type: none"> Start up funding Financial powers, capacity to borrow, retain funds and make payments to government Pricing policies Undertake business planning activities Establish performance and accountability standards and processes <ul style="list-style-type: none"> A Statutory Authority may require Strategic Development Plan and Statement of Corporate Intent Establish human resource arrangements, agree employment processes, recruitment, remuneration policies Other administrative (Website development) Manage the transition and implementation activities 		<p>DPI estimated the delivery of basic functions through the DPI structure requires 4.0 FTE.</p> <p>As a minimum, the entity will need sufficient scale of operations and funding provision to guarantee the salary of staff during the start up and incubation stage (Year 1 to Year 3) of the entity's operations.</p> <p>The cost profile of similar organisations indicates total staffing and remuneration costs typically represent between 45% and 55% of ongoing revenues. Assuming:</p> <ul style="list-style-type: none"> a baseline staffing of 4.0 FTE (CEO and one Program Manager at \$500,000 total remuneration) the entity can achieve a comparable cost profile to benchmark organisations <p>The entity would require funding support between \$725,000 and \$775,000 per annum for the first three years of operation to support staffing and program delivery.</p> <p>The requirement for funding support beyond this period will depend on the entity's ability to attract/generate income from external sources.</p>	<p>for three years or \$2.25 million over three years</p>	

Structure	Start up activities (Year 0)	Indicative cost estimate (Year 0)	Ongoing operations (Year 1 to 3)	Indicative cost estimate (Year 1 to 3)	Total Investment (Year 0 to 3)
	including completion of above activities.				
Company Limited by Guarantee	<p>The start up activities for a Company Limited by Guarantee include:</p> <ul style="list-style-type: none"> Develop company constitution. The constitution should set out functions and scope of operations, its governance and membership arrangements etc. The constitution serves a similar purpose to the development enabling legislation for a Statutory Authority Establish corporate governance arrangements (Board and management) Confirm funding arrangements and financial administration including start up funding and reporting requirements Undertake strategy development and business planning activities (Note: May not be necessary to prepare Strategic Development Plan to the extent required under the Statutory Authority model). Establish performance and accountability standards and processes and agree performance metrics with funding providers Establish human resource arrangements, agree employment processes, recruitment, remuneration policies Other administrative (Website development) Manage the transition and implementation activities 	\$300,000 to \$400,000	<p>A Company Limited by Guarantee may establish a voluntary Board, or have greater discretion in Board remuneration.</p> <p>As for a Statutory Authority the scale of operations will depend on the nature and scale of functions transitioned to the entity from DPI.</p> <p>DPI estimate the delivery of basic functions through the DPI structure requires 4.0 FTE.</p> <p>As a minimum, the entity will need sufficient scale of operations and funding provision to guarantee the salary of staff during the incubation stage (Year 1 to Year 3) of the entity's operations.</p> <p>The cost profile of a Company Limited by Guarantee will likely be similar to that of a Statutory Authority, however some saving may be possible through less onerous requirements and the ability to attract a voluntary Board (therefore avoiding Board remuneration costs). Assuming the following assumptions</p> <ul style="list-style-type: none"> a baseline staffing of 4.0 FTE (CEO and one Program Manager at \$500,000 total remuneration) the entity can achieve a comparable cost profile to benchmark organisations <p>The entity would require funding support between \$725,000 and \$775,000 per annum for the first three years of operation to support staffing and program delivery.</p>	\$750,000 p.a. for three years or \$2.25 million over three years	\$2.55 million (indicative)

Structure	Start up activities (Year 0)	Indicative cost estimate (Year 0)	Ongoing operations (Year 1 to 3)	Indicative cost estimate (Year 1 to 3)	Total Investment (Year 0 to 3)
	including completion of above activities.		The requirement for funding support beyond this period will depend on the entity's ability to attract/generate income from external sources.		