



**Australian Government**  
**Department of Infrastructure and Regional Government**  
**Australian Maritime Safety Authority**

**COST RECOVERY IMPLEMENTATION STATEMENT**  
**DRAFT FOR CONSULTATION**

National System for Domestic Commercial Vessel Safety

**August 2016**

This draft CRIS documents AMSA's application of the government's cost recovery framework in relation to the National System for Domestic Commercial Vessel Safety. It is not final and AMSA is seeking feedback from stakeholders, including options that may address stakeholder concerns where they are consistent with the government's cost recovery framework. The draft CRIS is subject to change and final approval by the Minister for Infrastructure and Transport.

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## 1. BACKGROUND

On 2 July 2009 the Council of Australian Governments (COAG) reached consensus that the Australian Maritime Safety Authority (AMSA) will become Australia's sole maritime safety regulator of a single national regulatory framework for the safe design, construction, operation and equipping of the Domestic Commercial Vessel (DCV) fleet in Australian waters by 1 July 2013.

Legislation, encompassing the *Marine Safety (Domestic Commercial Vessel) National Law 2012* (the National Law Act) and the *Marine Safety (Domestic Commercial Vessel) National Law Regulation 2013* (the National Law Regulation), has been passed by the Australian Government to give effect to this decision, resulting in the consolidation of the eight State and Territory<sup>1</sup> legislative and regulatory frameworks into one nationally consistent approach. Known as the *National System for Domestic Commercial Vessel Safety* (the National System), this is now overseen by AMSA which has assumed the role of the National Regulator<sup>2</sup>.

Since 1 July 2013, marine safety agency staff in the jurisdictions have been appointed as AMSA delegates. Delivery of the National System's services, in addition to the recovery of costs incurred in delivering services continued via the jurisdictions in a similar manner to that which occurred prior to 1 July 2013.

During 2014, a review of the effectiveness of the National System found that this chosen service delivery model limited the potential benefits envisaged with the introduction of the National System that could otherwise have been delivered to the DCV industry due to inconsistencies in service delivery standards and cost recovery arrangements between jurisdictions<sup>3</sup>.

In November 2014, the Transport and Infrastructure Council (Council) agreed AMSA will assume full responsibility for the entire National System. This necessarily involved implementation of a new *National System Cost Recovery Framework* (the Framework) so that a uniform, nationally consistent approach to the fees and charges, can be developed and implemented effective from 1 July 2017. It is Australian Government policy that AMSA will manage its regulatory services on a self-funded basis. That is, the full costs of providing these regulatory services must be recouped from industry.

Against this context, a crucial part of the November 2014 Council decision involved the agreement of the *Transitional Funding Model*. Under this Model, the Council recognised the disparities in the rates at which jurisdictions cost recovered their regulatory activities. Accordingly, if AMSA was to immediately introduce a full cost recovery model (as it is required to do consistent with the Australian Government's policy framework) then these charges could pose an economic limitation on the DCV industry which would ordinarily not exist under the jurisdictional frameworks due to their subsidisation.

Further information as to the quantum and timing of jurisdictional subsidies is discussed in this CRIS. Consistent with Australian Government Policy, the 2009 COAG and 2014 Council decision, the National System cost recovery framework is being implemented in the following staged manner:

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<sup>1</sup> Collectively known as the jurisdictions.

<sup>2</sup> As defined in section 10 of the National Law.

<sup>3</sup> As outlined in the Stage One CRIS, these inconsistencies have led to a variety of charges, often for the same product or services across Australia. This is due to the fact that each jurisdiction has historically provided a different rate of subsidisation for services to industry and as a result, the extent to which cost recovery is achieved between jurisdictions (and the charges to industry) has fluctuated broadly.

- **Stage One** involved the early adoption of a limited range of fee for service charges with effect from 1 September 2016 for activities undertaken by AMSA prior to 1 July 2017.<sup>4</sup> AMSA's approach in relation to Stage One has been published in the 2016-17 Cost Recovery Implementation Statement (CRIS) entitled *National System for Domestic Commercial Vessel Safety - Marine Surveyor Accreditation, Exemptions and Equivalent Means of Compliance*<sup>5</sup>; and
- **Stage Two** involves the introduction of a broad based levy in addition to a more extensive suite of fee charges to supplement Stage One, effective from 1 July 2017.

This document outlines the policy and legislative authority to roll out Stage Two of the Framework.

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<sup>4</sup> These fees relate to the processing of new applications to receive AMSA accreditation as a Marine Surveyor, renewal of a Marine Surveyor's accreditation status and assessment of applications requesting exemptions from, or equivalent means of compliance with, the National Law.

<sup>5</sup> Henceforth known as Stage One CRIS.

## 2. INTRODUCTION

### 2.1 Purpose of the Cost Recovery Implementation Statement (CRIS)

This CRIS details AMSA's Stage Two cost recovery arrangements for the National System. It is designed to be iterative, allowing for incorporation of stakeholder feedback and should be read in conjunction with the *2015-16 AMSA CRIS for Ship and Seafarer Safety, Environmental Protection, Navigation Infrastructure & Marine Services*<sup>6</sup> and the *2016-17 CRIS for the National System for Domestic Commercial Vessel Safety Marine Surveyor Accreditation, Exemptions and Equivalent Means of Compliance*. Information and/or data contained within these supporting documents will not be repeated in any significant detail in this document.

### 2.2 Costing & funding the National System

A description of AMSA's Activity Based Costing approach which has been applied in quantifying the costs applicable to Stage Two activities can be found in the Stage One CRIS. With respect to the National System, the rate of effort required by AMSA to effectively discharge its role as National Regulator has been estimated at 85 Full Time Equivalent (FTE) staff, which represents annual gross costs of \$23.40 million from 1 July 2017 rising to \$25.16 million by 1 July 2021. As stated in section 1 above and in the Stage One CRIS, there has been significant differences in the extent to which jurisdictions have cost recovered their activities. Stage Two will both recover the majority of the projected National System cost base and seek to implement the transitional funding model that will progressively increase the rate of cost recovery from industry, effective from 1 July 2017.

As set out in the Stage One CRIS, AMSA can recover its costs through a variety of mechanisms - namely the imposition of fees, levies or a combination of both. Where products or services are provided directly to a specific individual or organisation, it is appropriate to charge a fee. Where products or services are provided more broadly for the benefit of a wider group and cannot be related to one specific party, then a levy is the more appropriate charging mechanism.

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<sup>6</sup> Page 3 states that the 2015-2016 AMSA CRIS does not cover AMSA's role as the National Regulator for the DCV fleet and seafarers operating under the National System.

<sup>7</sup> Refer Page 2 of the Australian Government's Cost Recovery Guidelines.

The composition of the annual costs of the National System is outlined as follows:

	Description	1 July 2017 \$m	1 July 2018 \$m	1 July 2019 \$m	1 July 2020 \$m	1 July 2021 \$m
<b>Costs incurred through administration of levy related activities</b>	A levy will be introduced covering those products and services provided by AMSA for the benefits of the wider DCV community. 89% of the total National System cost base will be eligible for recovery via this mechanism.	\$20.79	\$21.16	\$21.55	\$21.94	\$22.35
<b>Costs incurred through administration of fee related activities</b>	Fees will be charged upon specific products and / or services where there is a direct benefit to a specific customer. 11% of the total National System cost base will be eligible for recovery via this mechanism.	\$2.61	\$2.66	\$2.71	\$2.75	\$2.81
<b>Gross costs subject to AMSA's cost recovery measures</b>		<b>\$23.40</b>	<b>\$23.82</b>	<b>\$24.26</b>	<b>\$24.69</b>	<b>\$25.16</b>
<b>Jurisdictional subsidies</b>	Jurisdictional subsidisation will be provided to the Australian Government to ease the impost on industry as it transitions to full cost recovery. Jurisdictions agreed to contribute funds in 2017 and 2018 to be used to offset the expected gross costs of rolling out the National System. These will be applied against the levy portion of the National System cost base.	(\$6.65)	(\$2.65)	\$-	\$-	\$-
<b>Net costs subject to AMSA's cost recovery measures</b>		<b>\$16.75</b>	<b>\$21.17</b>	<b>\$24.26</b>	<b>\$24.69</b>	<b>\$25.16</b>

Jurisdictional subsidies will be applied to the levy cost base (and initially reduce in AMSA's levy charges) to lessen the impost for participants within the DCV industry as AMSA moves towards a full cost recovery model. The subsidies, expected to be received in 2017 and 2018 will be applied to reduce the impost of the levy in the first two years of transition and expire in 2019. Jurisdictions will subsidise 32% and 12.5% of the 2017 and 2018 levy cost base respectively. Accordingly, the net costs to be recovered by AMSA will be split between the following mechanisms:

	1 July 2017 \$m	1 July 2018 \$m	1 July 2019 \$m	1 July 2020 \$m	1 July 2021 \$m
<b>Costs recovered through the levy instrument</b>	\$14.14	\$18.51	\$21.55	\$21.94	\$22.35
<b>Costs recovered through the imposition of fees</b>	\$2.61	\$2.66	\$2.71	\$2.75	\$2.81
<b>Net costs subject to recovery</b>	<b>\$16.75</b>	<b>\$21.17</b>	<b>\$24.26</b>	<b>\$24.69</b>	<b>\$25.16</b>

Phasing in AMSA's full cost recovery model is reliant upon the Transitional Funding Model. The November 2014 Council decision supported ongoing jurisdictional contributions to support the DCV industry in the two year transition phase of 2017 & 2018. The amounts which each jurisdiction agreed to contribute is based upon several factors including individual level of subsidies applied within each respective jurisdiction and the anticipated shortfall between the anticipated National System costs and the expected rates of recovery, consistent with the following tables:

	2014-15 subsidy		National System		
	\$m	%	1 July 2017 \$m	1 July 2018 \$m	1 July 2019 \$m
NSW	\$5.10	24	\$1.597	\$0.637	\$-
NT	\$1.58	7	\$0.466	\$0.186	\$-
QLD	\$5.95	27	\$1.796	\$0.716	\$-
SA	\$0.91	4	\$0.266	\$0.106	\$-
TAS	\$-	-	\$-	\$-	\$-
VIC	\$6.44	29	\$1.929	\$0.769	\$-
WA	\$1.70	9	\$0.599	\$0.239	\$-
<b>Totals</b>	<b>\$21.69</b>	<b>100%</b>	<b>\$6.653</b>	<b>\$2.653</b>	<b>\$-</b>

AMSA will apply the subsidies received from jurisdictions annually to reduce the amount eligible for recovery from industry via the proposed levy. This forms the majority of the cost and is the most efficient to administer. Fees will be recovered from 1 July 2017 without any subsidy in order to reduce administrative complexity in managing the transitional funding.

### 2.3 Fee based activities of the National System

The annual fee costs outlined in section 2.2 are reconciled in the table below against activities required under the National System:

FTE	Activity	2017 \$m	2018 \$m	2019 \$m	2020 \$m	2021 \$m
6.1	• Managing & issuing Certificates of Operation & Survey & other permissions	\$1.51	\$1.53	\$1.56	\$1.58	\$1.62
4.6	• Managing Certificates of Competency & related matters	\$1.10	\$1.13	\$1.15	\$1.17	\$1.19
<b>10.7</b>		<b>\$2.61</b>	<b>\$2.66</b>	<b>\$2.71</b>	<b>\$2.75</b>	<b>\$2.81</b>

## 2.4 Levy based activities of the National System

The annual levy costs outlined in section 2.2 are reconciled in the table below against activities required under the National System:

FTE	Activity	2017 \$m	2018 \$m	2019 \$m	2020 \$m	2021 \$m
23.00	<ul style="list-style-type: none"> <li>Responding to calls &amp; emails from operators, owners and seafarers.</li> <li>Assisting completion of applications.</li> <li>Provision of website assistance.</li> </ul>	\$4.28	\$4.37	\$4.46	\$4.56	\$4.66
18.00	<ul style="list-style-type: none"> <li>Compliance, enforcement &amp; investigations.</li> <li>Responding to accidents and incidents.</li> <li>Provision of support for any coronial and other inquests.</li> <li>Routine inspections.</li> <li>On water and off water compliance.</li> <li>Maintenance of agreements with jurisdictions.</li> </ul>	\$5.39	\$5.48	\$5.57	\$5.67	\$5.76
8.00	<ul style="list-style-type: none"> <li>Providing safety and other advice to industry.</li> <li>Delivery of safety training and workshops.</li> <li>Acting as a conduit between DCV industry and AMSA.</li> </ul>	\$2.07	\$2.11	\$2.15	\$2.20	\$2.24
6.90	<ul style="list-style-type: none"> <li>Policy and standards development related to Certificates of Operation</li> <li>Policy and standards development related to Certificates of Survey.</li> <li>Technical assistance to industry.</li> </ul>	\$2.28	\$2.32	\$2.37	\$2.44	\$2.48
6.00	<ul style="list-style-type: none"> <li>Corporate and administrative support.</li> <li>Management of levies.</li> <li>Business process improvement.</li> </ul>	\$1.44	\$1.47	\$1.50	\$1.53	\$1.57
4.00	<ul style="list-style-type: none"> <li>General regulatory and policy advice. Maintenance of the regulatory framework.</li> </ul>	\$1.15	\$1.17	\$1.19	\$1.22	\$1.24
3.00	<ul style="list-style-type: none"> <li>Domestic vessels management.</li> </ul>	\$0.89	\$0.91	\$0.93	\$0.94	\$0.97
3.00	<ul style="list-style-type: none"> <li>SMS verification. Development and maintenance of the safety culture with the DCV industry. Risk management and advice.</li> </ul>	\$0.87	\$0.88	\$0.90	\$0.91	\$0.94
2.50	<ul style="list-style-type: none"> <li>Qualifications policy and standards development.</li> <li>Answering technical queries in regard to qualifications.</li> <li>Approved Training Organisation audits and oversight.</li> <li>Maintenance of service level agreement with ASQA.</li> </ul>	\$0.64	\$0.67	\$0.70	\$0.70	\$0.71
74.4		\$19.01	\$19.38	\$19.77	\$20.17	\$20.57
	<ul style="list-style-type: none"> <li>National System IT infrastructure</li> </ul>	\$1.78	\$1.78	\$1.78	\$1.78	\$1.78
<b>TOTAL FTE &amp; IT SYSTEM COSTS RELATED TO LEVY ACTIVITIES</b>		<b>\$20.79</b>	<b>\$21.16</b>	<b>\$21.55</b>	<b>\$21.95</b>	<b>\$22.35</b>



### 3. AUTHORITY TO COST RECOVER

#### 3.1 Government policy approval to cost recover the activity

The Australian Government has endorsed a graduated, two staged approach to the introduction of full cost recovery measures to fund AMSA's role as National Regulator. The Australian Government announced the introduction of Stage One fees on 3 May 2016 in the 2016-17 Budget. AMSA's obligation to cost recover is specifically addressed in the 2015-16 AMSA CRIS (as discussed in section 2.1).

#### 3.2 Statutory authority to charge

AMSA's authority to charge industry for the costs of the National System has been described in the Stage One CRIS. To give effect to the fees arrangements proposed under Stages One and Two, AMSA will be required to make a number of changes to the National Law Regulations. With respect to the levy proposed under stage two, the drafting of a new or amending an existing Levy Act will be required.<sup>8</sup>

### 4. COST RECOVERY MODEL

#### 4.1 Current profile of the Australian Domestic Commercial Vessel fleet

The current Australian DCV fleet comprises<sup>9</sup> a population of 25,835 active vessels representing a total length of 219,979 metres. The leading three jurisdictions in the fleet with the highest number of vessels and collective vessel length are New South Wales, Queensland and Western Australia. The fleet profile by jurisdiction, vessel numbers and length is as follows:

Jurisdiction	Number of vessels	% of total vessels	Vessel length (metres)	% of total length
AMSA	710	2.7%	11,943	5.43%
NSW	9,130	35.34%	61,211	27.83%
NT	1,580	6.12%	19,259	8.75%
QLD	6,859	26.55%	58,268	26.49%
SA	1,356	5.25%	14,177	6.44%
TAS	1,391	5.38%	12,440	5.66%
VIC	1,725	6.68%	13,418	6.10%
WA	3,084	11.94%	29,263	13.30%
<b>Totals</b>	<b>25,835</b>	<b>100%</b>	<b>219,979</b>	<b>100%</b>

However, this profile above does not necessarily depict the nature of the operations of the fleet. Vessels are generally characterised by their primary purpose<sup>10</sup>. In this regard, AMSA uses four classes to categorise vessels, as follows:

Class	Description
1	Passenger vessels, carrying more than 12 passengers.
2	Non-passenger vessels defined as a vessel not a passenger, fishing or a hire and drive vessel. These vessels may carry up to and including 12 passengers.
3	These are defined as fishing vessels.
4	These are defined as hire & drive vessels.

<sup>8</sup> Refer page 3 of the CRGs

<sup>9</sup> Data from the National Database Management System (NDMS) as at 1 August 2016

<sup>10</sup> Sometimes also referred to as vessel use.

The DCV fleet profile by class and jurisdiction is as follows:

	Totals		Class 1 (only)		Class 2 (only)		Class 3 (only)		Class 4 (only)		No class		More than 2 classes		More than 3 classes		More than 4 classes	
	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres	Vessels	Metres
<b>AMSA</b>	710	11,943	60	1,162	175	3,018	237	3,918	22	300	39	671	137	2,253	40	620		
<b>NSW</b>	9,130	61,211	319	6,130	628	7,056	423	3,977	267	3,462	7,157	36,672	286	3,377	49	531	1	6
<b>NT</b>	1,580	19,259	32	374	344	2,803	178	1,007	92	380	777	13,002	142	1,504	15	189		
<b>QLD</b>	6,859	58,268	497	8,773	2,324	18,257	1,888	14,913	618	4,156	972	6,450	536	5,417	24	302		
<b>SA</b>	1,356	14,177	37	866	321	2,788	747	7,489	209	2,555	13	174	28	297	1	9		
<b>TAS</b>	1,391	12,440	33	638	288	2,116	620	5,950	54	260	152	748	238	2,651	6	77		
<b>VIC</b>	1,725	13,418	97	1,486	736	5,371	288	2,769	172	1,014	301	1,474	120	1,195	11	109		
<b>WA</b>	3,084	29,263	111	1,764	828	7,353	576	7,041	559	2,425	242	2,066	570	6,065	196	2,521	2	29
<b>Totals</b>	<b>25,835</b>	<b>219,979</b>	<b>1,186</b>	<b>21,193</b>	<b>5,644</b>	<b>48,761</b>	<b>4,957</b>	<b>47,065</b>	<b>1,993</b>	<b>14,553</b>	<b>9,653</b>	<b>61,256</b>	<b>2,057</b>	<b>22,758</b>	<b>342</b>	<b>4,357</b>	<b>3</b>	<b>36</b>
<b>%</b>			<b>4.6%</b>	<b>9.6%</b>	<b>21.8%</b>	<b>22.2%</b>	<b>19.2%</b>	<b>21.4%</b>	<b>7.7%</b>	<b>6.6%</b>	<b>37.3%</b>	<b>27.8%</b>	<b>7.9%</b>	<b>10.3%</b>	<b>1.3%</b>	<b>1.9%</b>	<b>0.01%</b>	<b>0.02%</b>

This profile demonstrates that there is not always a linear relationship between the number of vessels in a class (and jurisdiction) and the proportion of metres those vessels represent (that is to say, an increase in vessel numbers does not always lead to an equal increase in associated metres).

By way of example, class 1 only accounts for 4.6% of the total vessel numbers but nearly 10% of the total metres within the population. This seems logical given that Class 1 vessels are generally larger and longer as they are designed to carry more than 12 passengers and therefore each vessel in this class is likely to be proportionately longer than a vessel in Class 3. This trend appears to be the case when looking at the relative distributions of Class 3 vessel numbers and their collective length profile above.

This information has been used in developing the levy charging models discussed below.

In the design of the broader industry levy, class 4 “hire & drive” unpowered vessels which represent 15,397 metres and 2,107 vessels, will be excluded from the charging regime. Applying that AMSA decision, the population of vessels and metres upon which a levy can be calculated drops to 23,050 and 204,582, respectively.

## 4.2 The National Law Levy (the Levy)

As outlined in section 1, it is anticipated that the Levy will be the primary mechanism through which AMSA will recover the majority<sup>11</sup> of the total anticipated National System cost base. This relative percentage is not impacted by the anticipated subsidisation from the jurisdictions in the first two years of the roll out of the National System which serves simply to reduce the absolute amount recoverable via the proposed Levy. The proposed Levy will be an annual charge on all vessels excluding Voluntary Marine Rescue, Heritage Vessels and Unpowered Hire and Drive Vessels<sup>12</sup>. Two levy models have been developed. The first model is a flat charge per metre; and the second is a more progressive approach combining a fixed amount per vessel with a variable length charge. Both models will be subject to industry consultation, final ministerial approval and the passage of amended or new legislation through the Parliament.

### 4.2.1 Proportional Model (Flat charge per metre)

The proportional model calculates a rate to be applied to each metre in the fleet by dividing the costs eligible for recovery via a levy by the available metres. It is a proportional model. The key advantages of this model are its simplicity and familiarity. Participants within the industry can apply the AMSA rate to the length of their vessel to calculate the levy payable. Further, many jurisdictions already use length as the basis of calculating their own fees and charges and this is therefore a familiar metric. Administratively, this model is straightforward to administer which helps minimise administrative costs.

The key disadvantages of this model arise from the inherent assumptions contained within it. The model envisages that larger vessels are charged more, implying that these vessels consume more regulatory resources, that they have a higher capacity to pay and should therefore share more of the costs. In addition, a proportional model does not account for degrees of operating risks that may arise depending upon the use of the vessel and its area of operation. These factors could impact upon the level of dependence on AMSA's regulatory resources in circumstances where length may have no bearing on the regulatory burden. Using this approach and assuming jurisdictional subsidies, a flat per metre rate from 1 July 2017 is calculated as follows:

	1 July 2017	1 July 2018	1 July 2019	1 July 2020	1 July 2021
<b>Costs recovered via proposed levy</b>	\$14.14 m	\$18.51 m	\$21.55 m	\$21.94 m	\$22.35 m
<b>Total number of metres<sup>13</sup></b>	204,582	204,582	204,582	204,582	204,582
<b>Rate per metre</b>	<b>\$69</b>	<b>\$90</b>	<b>\$105</b>	<b>\$107</b>	<b>\$109</b>

If this model is adopted, the price schedule over the next five years can be found at Appendix A.

<sup>11</sup> Approximately 85%

<sup>12</sup> Unpowered class 4 vessels account for approximately 2,785 vessels and 11,566 metres.

<sup>13</sup> Our analysis of the DCV fleet indicates that the industry is relatively static and hence we have used a stable number of metres as the basis of the modelling.

#### **4.2.2 Progressive model (Fixed amount plus variable rate per metre)**

In this model, the levy will comprise a fixed amount per vessel and a variable per metre charge based on the length of that vessel. The structure comprises five length categories and for larger vessels operating within higher risk classes, a higher levy will be paid. The per metre charge will only apply to the number of metres above the lower limit of the vessel length category.

The levy charged will vary depending on the class of vessel and its size. Despite the fact that this model is more complicated than the proportional model proposed, the key advantage of this model is the ability to distinguish different classes of vessels within the fleet with respect to their inherent risk profiles. It eliminates the “blanket” approach that a proportional model applies when assuming that all vessels present an equal risk, except for their length. This model attempts to smooth the charging of vessels according to risks presented in their operations which includes, but is not necessarily limited to, the length of the vessel. The progressive model proposed for consideration is based upon the following parameters:

- Class 4 unpowered vessels are excluded;
- The subsidisation rates applied are 32% & 12.5% in 2017 & 2018, respectively<sup>14</sup>;
- The profile of the vessel fleet as described above has been used for modelling purposes and may change as data validation continues; and
- Class 1 vessels are considered to have the highest risk, followed by Classes 2 and 3 with the same yet lower risk; and Class 4 vessels are charged the lowest fee.

If this model is adopted, and jurisdictional subsidies are accounted for, total costs that need to be recouped through the levy are \$14.14 million and \$18.51 million in 2017 and 2018, respectively. AMSA’s levy charges do not represent the full cost of levy activities in 2017 and 2018 respectively when jurisdictional subsidies are applied. By 2019, costs to be recouped via the levy will rise to \$21.55 million and will no longer be subject to jurisdictional subsidisation.

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<sup>14</sup> Refer to jurisdictional subsidies outlined at section 2.

If this model is adopted, 2017, 2018 and 2019 levy charges are at Appendix B with the following schedules applicable:

Pricing schedule for 2017								
	Class 1		Class 2		Class 3		Class 4	
	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **
Less than 7.5m	\$209	\$64	\$135	\$44	\$135	\$44	\$64	\$37
7.51m to 12m	\$688	\$77	\$463	\$64	\$463	\$64	\$342	\$44
12.01m to 24m	\$1,037	\$81	\$751	\$77	\$751	\$77	\$539	\$50
24.01m to 35m	\$2,006	\$88	\$1,680	\$84	\$1,680	\$84	\$1,144	\$57
Greater than 35m	\$2,969	\$94	\$2,605	\$88	\$2,605	\$88	\$1,774	\$61

Pricing schedule for 2018								
	Class 1		Class 2		Class 3		Class 4	
	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **
Less than 7.5m	\$275	\$84	\$178	\$58	\$178	\$58	\$84	\$49
7.51m to 12m	\$908	\$102	\$610	\$84	\$610	\$84	\$451	\$58
12.01m to 24m	\$1,367	\$107	\$990	\$102	\$990	\$102	\$710	\$67
24.01m to 35m	\$2,646	\$115	\$2,215	\$111	\$2,215	\$111	\$1,509	\$75
Greater than 35m	\$3,916	\$124	\$3,436	\$115	\$3,436	\$115	\$2,340	\$80

Pricing schedule for 2019								
	Class 1		Class 2		Class 3		Class 4	
	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **	Fixed amount	Per metre rate **
Less than 7.5m	\$321	\$98	\$207	\$67	\$207	\$67	\$98	\$57
7.51m to 12m	\$1,060	\$119	\$713	\$98	\$713	\$98	\$526	\$67
12.01m to 24m	\$1,597	\$124	\$1,156	\$119	\$1,156	\$119	\$829	\$78
24.01m to 35m	\$3,090	\$135	\$2,587	\$130	\$2,587	\$130	\$1,763	\$88
Greater than 35m	\$4,572	\$145	\$4,012	\$135	\$4,012	\$135	\$2,732	\$93

\*\* The per metre charge will only apply to the number of metres above the lower limit of vessel length category

By way of example, in 2017 a 10 metre Class 1 vessel will attract an annual levy of \$880.50 which is calculated in two parts, namely:

- The fixed annual amount of \$688; plus
- A \$77 per metre charge for every metre above 7.5m but below 12m. Accordingly, the variable component is \$77/m x 2.5m or \$192.50.

### **4.3 Fee for Service**

AMSA will be introducing a range of fees for products and / or services provided directly to an organisation or an individual. AMSA has examined the processes that will be used to deliver these products and / or services to quantify the time and materials involved. A full absorption costing approach has then been applied to determine the fee schedule. AMSA's proposed fee schedule, effective from 1 July 2017, can be found at Appendix C. These are subject to annual indexation at the prevailing CPI rate.

## **5. RISK ASSESSMENT**

### **5.1 Economic factors**

The extent to which activities under the National System are required by the DCV industry will depend upon the strength and size of that industry. If the industry contracts, then this is likely to result in a reduction in forecast revenue to be derived by the National System. AMSA, like all agencies operating under cost recovery arrangements, will seek to mitigate this risk by continuing to drive efficiencies in the way regulatory services are designed and delivered.

### **5.2 Impost of full cost recovery**

Under the jurisdictional model, fees and charges vary across the Commonwealth as does the rate at which each jurisdiction recovers its costs from industry. This historical model will be replaced by one set of fees and charges under the National System. For some parties this may result in higher fees. For others, the result may be lower fees. AMSA will seek to mitigate this risk in the design of Stage Two by distributing the price burden as equitably as possible across the industry in addition to applying jurisdictional subsidies to ease the impact during transition to full cost recovery.

### **5.3 Nature of the Domestic Commercial Vessel fleet**

Australia's DCV fleet is dominated by smaller vessels, many of which are unpowered. A high proportion of the impact of a transition to cost recovery is likely to fall upon this group of vessels which may have limited commercial earning capacity and this may be considered an inequitable outcome. AMSA is seeking to mitigate this risk by excluding unpowered class 4 hire and drive vessels. Furthermore, AMSA will review the reasonableness of charges proposed for all vessels against average, overall vessel operating costs within each operating class to ensure that the charging mechanisms put forward have been appropriately tested.

### **5.4 Timing of payments**

A significant proportion of the DCV fleet are smaller vessels, many of which have not previously been subject to a levy. The imposition of a new levy as at 1 July 2017, payable as a single payment may be difficult for some operators to manage from a cash flow perspective and act as a disincentive to pay. AMSA will seek to mitigate this risk by reviewing several billing and payment models (i.e. annual versus quarterly) against the economic modelling informing industry's capacity to pay.

## 6. STAKEHOLDER ENGAGEMENT

The main stakeholders impacted by the implementation of the National System include vessel owners, operators, seafarers, jurisdictional maritime safety agencies, and registered training organisations. Clear communication is vital to ensure high levels of transparency and accountability are maintained.

The move to full cost recovery for the National System was disclosed at the onset of the establishment of the National System through the *Council of Australian Governments (COAG) Intergovernmental Agreement (IGA)* dated 2 July 2009 which states that where costs are not being fully recovered, moving to full cost recovery progressively is desirable.<sup>15</sup> The November 2014 TIC decision gave practical effect to the intent that recovery of the full costs of regulating the DCV industry should occur. Since the TIC decision, AMSA has been pro-actively engaging with its stakeholders. The transition to a new single, full cost recovery framework under the National System, has been communicated through a variety of industry consultative groups, inter-governmental forums and to the broader DCV industry through the AMSA web-site.

## 7. FINANCIAL & NON-FINANCIAL PERFORMANCE

Historical information about financial and non-financial performance for management of these new fee arrangements is not available as these are new cost recovery measures. Further disclosures will be made as data regarding performance is generated. For information regarding AMSA's broader performance with respect to cost recovery activities, refer to the 2015-16 AMSA CRIS.

The AMSA Corporate Plan 2016-20 details performance targets with respect to the National System which AMSA addresses as its second key strategic challenge. AMSA has identified four focus areas, being:

- Design of the operating model;
- Building the service delivery framework;
- Building the regulatory framework; and
- Embedding IT and financial arrangements to support the ongoing operation of the system.

AMSA will demonstrate its success in the 2017-18 year by successfully assuming the role of National Regulator.

## 8. KEY DATES AND EVENTS

Date	Event
TBC	CRIS approved by AMSA Chief Executive Officer.
TBC	CRIS approved by Portfolio Minister.
TBC	Publish CRIS on AMSA website.

## 9. CRIS APPROVAL AND CHANGE REGISTER

Date of change	Nature of change	Approver	Basis for change

<sup>15</sup> Refer Part 6, Paragraph h of said document.

## APPENDIX A      LEVY CHARGES UNDER A PROPORTIONAL MODEL<sup>16</sup>

	1 July 2017	1 July 2018	1 July 2019	1 July 2020	1 July 2021
	\$69 per metre	\$90 per metre	\$105 per metre	\$107 per metre	\$109 per metre
Metres	All Classes	All Classes	All Classes	All Classes	All Classes
1	\$69	\$90	\$105	\$107	\$109
2	\$138	\$180	\$210	\$214	\$218
3	\$207	\$270	\$315	\$321	\$327
4	\$276	\$360	\$420	\$428	\$436
5	\$345	\$450	\$525	\$535	\$545
6	\$414	\$540	\$630	\$642	\$654
7	\$483	\$630	\$735	\$749	\$763
8	\$552	\$720	\$840	\$856	\$872
9	\$621	\$810	\$945	\$963	\$981
10	\$690	\$900	\$1,050	\$1,070	\$1,090
11	\$759	\$990	\$1,155	\$1,177	\$1,199
12	\$828	\$1,080	\$1,260	\$1,284	\$1,308
13	\$897	\$1,170	\$1,365	\$1,391	\$1,417
14	\$966	\$1,260	\$1,470	\$1,498	\$1,526
15	\$1,035	\$1,350	\$1,575	\$1,605	\$1,635
16	\$1,104	\$1,440	\$1,680	\$1,712	\$1,744
17	\$1,173	\$1,530	\$1,785	\$1,819	\$1,853
18	\$1,242	\$1,620	\$1,890	\$1,926	\$1,962
19	\$1,311	\$1,710	\$1,995	\$2,033	\$2,071
20	\$1,380	\$1,800	\$2,100	\$2,140	\$2,180
21	\$1,449	\$1,890	\$2,205	\$2,247	\$2,289
22	\$1,518	\$1,980	\$2,310	\$2,354	\$2,398
23	\$1,587	\$2,070	\$2,415	\$2,461	\$2,507
24	\$1,656	\$2,160	\$2,520	\$2,568	\$2,616
25	\$1,725	\$2,250	\$2,625	\$2,675	\$2,725
26	\$1,794	\$2,340	\$2,730	\$2,782	\$2,834
27	\$1,863	\$2,430	\$2,835	\$2,889	\$2,943
28	\$1,932	\$2,520	\$2,940	\$2,996	\$3,052
29	\$2,001	\$2,610	\$3,045	\$3,103	\$3,161
30	\$2,070	\$2,700	\$3,150	\$3,210	\$3,270
31	\$2,139	\$2,790	\$3,255	\$3,317	\$3,379
32	\$2,208	\$2,880	\$3,360	\$3,424	\$3,488
33	\$2,277	\$2,970	\$3,465	\$3,531	\$3,597
34	\$2,346	\$3,060	\$3,570	\$3,638	\$3,706
35	\$2,415	\$3,150	\$3,675	\$3,745	\$3,815
36	\$2,484	\$3,240	\$3,780	\$3,852	\$3,924
37	\$2,553	\$3,330	\$3,885	\$3,959	\$4,033
38	\$2,622	\$3,420	\$3,990	\$4,066	\$4,142
39	\$2,691	\$3,510	\$4,095	\$4,173	\$4,251
40	\$2,760	\$3,600	\$4,200	\$4,280	\$4,360

<sup>16</sup> Assuming jurisdictional subsidies



**APPENDIX B**

**LEVY CHARGES USING A PROGRESSIVE MODEL<sup>17</sup>**

		1 July 2017				1 July 2018				1 July 2019			
		Classes				Classes				Classes			
		1	2	3	4	1	2	3	4	1	2	3	4
<b>Vessel metres</b>	<b>1</b>	\$273	\$179	\$179	\$101	\$359	\$236	\$236	\$133	\$419	\$274	\$274	\$155
	<b>2</b>	\$337	\$223	\$223	\$138	\$443	\$294	\$294	\$182	\$517	\$341	\$341	\$212
	<b>3</b>	\$401	\$267	\$267	\$175	\$527	\$352	\$352	\$231	\$615	\$408	\$408	\$269
	<b>4</b>	\$465	\$311	\$311	\$212	\$611	\$410	\$410	\$280	\$713	\$475	\$475	\$326
	<b>5</b>	\$529	\$355	\$355	\$249	\$695	\$468	\$468	\$329	\$811	\$542	\$542	\$383
	<b>6</b>	\$593	\$399	\$399	\$286	\$779	\$526	\$526	\$378	\$909	\$609	\$609	\$440
	<b>7</b>	\$657	\$443	\$443	\$323	\$863	\$584	\$584	\$427	\$1,007	\$676	\$676	\$497
	<b>8</b>	\$727	\$495	\$495	\$364	\$959	\$652	\$652	\$480	\$1,120	\$762	\$762	\$560
	<b>9</b>	\$804	\$559	\$559	\$408	\$1,061	\$736	\$736	\$538	\$1,239	\$860	\$860	\$627
	<b>10</b>	\$881	\$623	\$623	\$452	\$1,163	\$820	\$820	\$596	\$1,358	\$958	\$958	\$694
	<b>11</b>	\$958	\$687	\$687	\$496	\$1,265	\$904	\$904	\$654	\$1,477	\$1,056	\$1,056	\$761
	<b>12</b>	\$1,037	\$751	\$751	\$539	\$1,367	\$990	\$990	\$710	\$1,597	\$1,156	\$1,156	\$829
	<b>13</b>	\$1,118	\$828	\$828	\$589	\$1,474	\$1,092	\$1,092	\$777	\$1,721	\$1,275	\$1,275	\$907
	<b>14</b>	\$1,199	\$905	\$905	\$639	\$1,581	\$1,194	\$1,194	\$844	\$1,845	\$1,394	\$1,394	\$985
	<b>15</b>	\$1,280	\$982	\$982	\$689	\$1,688	\$1,296	\$1,296	\$911	\$1,969	\$1,513	\$1,513	\$1,063
	<b>16</b>	\$1,361	\$1,059	\$1,059	\$739	\$1,795	\$1,398	\$1,398	\$978	\$2,093	\$1,632	\$1,632	\$1,141
	<b>17</b>	\$1,442	\$1,136	\$1,136	\$789	\$1,902	\$1,500	\$1,500	\$1,045	\$2,217	\$1,751	\$1,751	\$1,219
	<b>18</b>	\$1,523	\$1,213	\$1,213	\$839	\$2,009	\$1,602	\$1,602	\$1,112	\$2,341	\$1,870	\$1,870	\$1,297
	<b>19</b>	\$1,604	\$1,290	\$1,290	\$889	\$2,116	\$1,704	\$1,704	\$1,179	\$2,465	\$1,989	\$1,989	\$1,375
	<b>20</b>	\$1,685	\$1,367	\$1,367	\$939	\$2,223	\$1,806	\$1,806	\$1,246	\$2,589	\$2,108	\$2,108	\$1,453
	<b>21</b>	\$1,766	\$1,444	\$1,444	\$989	\$2,330	\$1,908	\$1,908	\$1,313	\$2,713	\$2,227	\$2,227	\$1,531
	<b>22</b>	\$1,847	\$1,521	\$1,521	\$1,039	\$2,437	\$2,010	\$2,010	\$1,380	\$2,837	\$2,346	\$2,346	\$1,609
	<b>23</b>	\$1,928	\$1,598	\$1,598	\$1,089	\$2,544	\$2,112	\$2,112	\$1,447	\$2,961	\$2,465	\$2,465	\$1,687
	<b>24</b>	\$2,006	\$1,680	\$1,680	\$1,144	\$2,646	\$2,215	\$2,215	\$1,509	\$3,090	\$2,587	\$2,587	\$1,763
	<b>25</b>	\$2,094	\$1,764	\$1,764	\$1,201	\$2,761	\$2,326	\$2,326	\$1,584	\$3,225	\$2,717	\$2,717	\$1,851
	<b>26</b>	\$2,182	\$1,848	\$1,848	\$1,258	\$2,876	\$2,437	\$2,437	\$1,659	\$3,360	\$2,847	\$2,847	\$1,939
	<b>27</b>	\$2,270	\$1,932	\$1,932	\$1,315	\$2,991	\$2,548	\$2,548	\$1,734	\$3,495	\$2,977	\$2,977	\$2,027
	<b>28</b>	\$2,358	\$2,016	\$2,016	\$1,372	\$3,106	\$2,659	\$2,659	\$1,809	\$3,630	\$3,107	\$3,107	\$2,115
	<b>29</b>	\$2,446	\$2,100	\$2,100	\$1,429	\$3,221	\$2,770	\$2,770	\$1,884	\$3,765	\$3,237	\$3,237	\$2,203
	<b>30</b>	\$2,534	\$2,184	\$2,184	\$1,486	\$3,336	\$2,881	\$2,881	\$1,959	\$3,900	\$3,367	\$3,367	\$2,291

<sup>17</sup> 32% subsidy in 2017 & 12.5% subsidy in 2018

## APPENDIX C PROPOSED AMSA FEE SCHEDULE

### Certificates of Competency

	Apply for a new certificate	Apply for a renewal or revalidation	Remove restriction	Add endorsement	Replace a lost or stolen qualification	Vary the details on existing qualification	Examinations
Master <24 m	\$147	\$134	\$134	\$134	\$134	\$134	\$340 fixed fee for an examination when an examination is required
Master <35 m	\$249	\$211	\$134	\$134	\$134	\$134	
Master <80 m	\$249	\$211	\$134	\$134	\$134	\$134	
Master (inland waters)	\$147	\$134	\$134	\$134	\$134	\$134	
Coxswain Grade 1	\$147	\$134	\$134	\$134	\$134	\$134	
Coxswain Grade 2	\$147	\$134	\$134	\$134	\$134	\$134	
Mate <80 m	\$249	\$211	\$134	\$134	\$134	\$134	
Marine Engine Driver Grade 1	\$249	\$211	\$134	\$134	\$134	\$134	
Marine Engine Driver Grade 2	\$147	\$134	\$134	\$134	\$134	\$134	
Marine Engine Driver Grade 3	\$147	\$134	\$134	\$134	\$134	\$134	
Engineer Class 3	\$249	\$211	\$134	\$134	\$134	\$134	
General Purpose Hand	\$147	\$134	\$134	\$134	\$134	\$134	

### Certificates of Operation

Apply for an initial certificate	\$295 <sup>18</sup>
Vary or renew a certificate	\$134
Reinstate a suspended certificate	\$134
Issue replacement certificate	\$36

<sup>18</sup> Fee applicable to a certificate containing up to 5 vessels. Processing of certificates with more than 5 vessels will be charged at the hourly rate of \$185 per hour.

## Certificate of Survey & other vessel permissions

Apply for an initial survey & load line certificate	\$334
Vary or renew a survey & load line certificate	\$151
Reinstate a suspended certificate	\$151
Application for Scheme NS (EX02) (Non Survey Vessels)	\$252
Application for a Restricted C (EX 40)	\$345
Application for Operation Beyond Survey Time (EX 06)	\$252
Issue replacement certificate	\$36

## Marine Surveyors (effective 1 July 2017)

Replace lost or stolen accreditation card	\$48
Vary an accreditation	\$260
Reinstate a suspended accreditation	\$65

## Ad Hoc services (effective 1 September 2016)

Applications for EMOCs and Exemptions	\$230 per hour
Miscellaneous services & additional fee categories that arise from time to time	\$185 per hour <sup>21</sup>

## General

Apply for a Unique Vessel Identifier & Intention to Build	\$106
Notify change of ownership	\$158
Application for Other Standing Exemptions	\$345
Application for Temporary Operations Permit (EX 07)	\$252
Inspection fee	\$185 per hour <sup>19</sup>

## Marine Surveyors (effective 1 September 2016)

Tier 1 Marine Surveyor Accreditation application	\$1,390
Tier 2 Marine Surveyor Accreditation application	\$2,130
Tier 3 Marine Surveyor Accreditation application	\$2,870
Renewal of accreditation	\$254 <sup>20</sup>

<sup>19</sup> Travel and out of pocket expenses will be charged at the actual rates incurred by AMSA, where such expenses are applicable to a request.

<sup>20</sup> Stated in 2016-17 dollars but will be subject to annual CPI adjustments until the fee comes into effect.

<sup>21</sup> Travel and out of pocket expenses will be charged at the actual rates incurred by AMSA, where such expenses are applicable to a request.