



## Consultation Feedback Report

### Cost Recovery Implementation Statement for 2019-20 and 2020-21

#### Outline

Communication with stakeholders is essential in supporting the development a Cost Recovery Implementation Statement (CRIS), and aligns with AMSA's [Statement of Regulatory Approach](#). Stakeholder engagement is particularly important for regulatory charging activities, as cost recovery charges have a direct impact on those who pay.

A CRIS provides information on how AMSA maintains cost recovery activities in the delivery of its outcomes. It provides stakeholders with key information on the application of activities and assists in their understanding of costs for regulatory functions and the activity outputs provided by AMSA, strengthening accountability, providing transparency, and demonstrating compliance with Australian Government requirements.

#### National System for Domestic Commercial Vessel Safety

AMSA assumed full responsibility of service delivery under the National System for Domestic Commercial Vessel Safety (National System) on 1 July 2018, replacing seven state and territory service models.

On 2 July 2018, the Deputy Prime Minister announced the Australian Government will provide additional funding to delay the introduction of a cost recovery levy for the first three years of operation of the National System.

A government review of all National System costs and charges will be undertaken and involve wide public consultation. This review will consider the appropriateness of charges in an informed manner, with the benefit of at least two years nationally consistent data on the risk and effort to implement the National System.

While the National System fee-based cost recovery activities are included in the CRIS, regulatory functions funded by government are not. Nevertheless, there are references to the upcoming government review, and industry groups are particularly interested in how AMSA will progress and engage with external stakeholders.

#### Consultation feedback

AMSA published consultative CRISs on its website and invited specific industry groups and participants to comment on its cost recovery arrangements; other industry groups, owners and operators, and the public were able to respond as well. For the 2019-20 CRIS, the consultation period was over three-weeks (from 16 October to 10 November 2019), whereas the 2020-21 CRIS was over a two-week period (from 15 June to 28 June 2020).

Feedback from this consultation process, as well as previous consultations, will inform AMSA of potential funding options that may be eventually be formulated for consideration by government.

Effective ongoing engagement with stakeholders is an essential underpinning to efficient and effective cost recovery arrangements. AMSA is exploring options to implement a specific ongoing cost-recovery external stakeholder engagement strategy that will include performance measures and will involve stakeholder consultation as part of the upcoming government review.

Overall, there were nine key items raised during these two most recent engagements. These issues are summarised in the table below and include AMSA's responses/comments.

Consultation feedback summary – Cost Recovery Implementation Statements for 2019-20 and 2020-21		
No.	Feedback received	AMSA's response/comment
1.	Financial language used in CRIS is difficult to understand.	<p>This feedback received in relation to the 2019-20 CRIS. The purpose of a CRIS is to relay largely financial information to stakeholders; accordingly, use of financial language is unavoidable.</p> <p>Nevertheless, enhancements were made in the 2020-21 CRIS to assist users in comprehending data and information, while ensuring compliance with Australian Government obligations – these changes included:</p> <ul style="list-style-type: none"> <li>- costing methodology and approach detailed in attachments to the CRIS rather than embedded within the document to enable quicker readability of key elements,</li> <li>- explanation of material variances provided for each regulatory charging output, and</li> <li>- comprehensive risk assessment, with mitigation strategies.</li> </ul>
2.	Perceived opinion of not receiving value-for-money in domestic commercial services provided by AMSA, including certification and accreditation.	The comment is acknowledge and noted.
3.	Incorporate and report (in costing models and CRIS) what efficiency measures have been put into place, and what measures are proposed in reducing high staff costs – example, use of technological solutions.	<p>AMSA recently completed a comprehensive activity-based costing exercise where every aspect of AMSA's operations (including 'back-office' processes) was included, with current resources required to perform these activities quantified, and activity outputs prioritised. Further work is ongoing to analyse these results.</p> <p>We are also developing benchmarking approaches that will measure efficiency and effectiveness, with key performance indicators developed, against both internal standards and other regulatory government agencies.</p>
4.	Future funding of National System for Domestic Commercial Vessel Safety must be kept separate and not included as part of the international ship-based levies, with clear distinction and demarcation of commercial shipping for domestic and international activities.	<p>AMSA is reviewing its regulatory charging mechanisms for all regulatory charging activity outputs. This will align the level of effort of regulatory activities to charging structures, collection operations, and associated costs of administrating each output.</p> <p>AMSA is working with the Department of Infrastructure, Transport, Regional Development</p>

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		and Communications and Government to consider future funding models and arrangements for the National System as part of the anticipated review. This process will involve extensive stakeholder consultation.
5.	Greater transparency on financial arrangements associated with participation at International Maritime Organization (IMO) and regional forums.	AMSA is analysing and assessing its activity-based costing exercise results, including whether to report activities associated with IMO and regional forums at a more granular level. In the 2020-21 CRIS, these costs form part of Standard Development activity group.
6.	Consider pursuit of Australia's national interest at the IMO be funded by the taxpayer, rather than industry.	In relation to non-technical IMO activities, AMSA appreciates the principle of the suggestion, but believes that the pursuit of a national interest at IMO is related to AMSA negotiating, developing, and maintaining a regulatory framework commensurate with its field and volume of operations. On this basis, the activity continues to be recoverable from levy contributions.
7.	Consider general exemptions to volunteer (non-for-profit) marine rescue and service organisations and volunteers from National System fees and future levy	Fees payable in respect to volunteer marine rescue services are set out in the National Law Regulations, specifically those relating to certificates of operation, survey, and competency. There are conditional exemptions allowable to operation and survey legislative requirements, subject to AMSA's assessment. Nevertheless, this feedback will be considered as part of the government review.
8.	As part of the government review, ensure adherence to the key objectives for establishing a harmonised regulatory system (National System) – to operate in a more effective and efficient manner, reduce administrative burden (and costs to industry), and improve marine safety.	AMSA is committed to ensure adherence to the key objectives of establishing the National System. We will work with both government and industry to design and establish an appropriate cost recovery arrangement that is compliant with the Australian Government Charging Framework and Cost Recovery Guidelines, while adhering to the set objectives of establishing the National System.
9.	Identify whether a material 'public good' component exists for the delivery of domestic marine services, and if appropriate, develop	AMSA recognises that a public good exists in the aviation, railway, and fisheries sectors, and is probable in the maritime regulation environment.

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<b>No.</b>	<b>Feedback received</b>	<b>AMSA's response/comment</b>
	options to government and external stakeholders for partial cost recovery.	<p>We are reviewing our activity functions and regulatory costing models to identify, and if appropriate, quantify such material items in anticipation of discussions with government.</p> <p>As part of the review, AMSA will work with the Department of Infrastructure, Transport, Regional Development and Communications and the Government to ensure appropriate funding for the National System regulatory activities and consider all future funding models and arrangements.</p>