

# Australian Maritime Safety Authority (AMSA) Final Report

Consultation on cost recovery for  
services under the National System  
for Domestic Commercial Vessel  
Safety

1 November 2016

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OUR EXPERTISE.**



**SEFTONS**

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## Executive Summary and Overview

The Australian Maritime Safety Authority (AMSA) is proposing to implement by 1 July 2017 a levy, plus fees for services, to recover the costs associated with delivery of the National System for Domestic Commercial Vessel Safety. The levy will cover the costs of administering the National System and the fee will cover the costs of delivering certification and accreditation services.

AMSA ran a public consultation between August and October 2016 to seek the industry's views on the proposed approach, with two potential levy models put forward for full cost recovery. Model One is a flat charge per metre, while Model Two is a charge determined by vessel class and measured length, taking into account the different risks posed by different classes of vessel. Fees for each of the services that AMSA will deliver to industry were also made available for comment and feedback.

AMSA contracted Seftons to assist with the consultation meetings and with preparing this report. Seftons assessed and analysed responses to provide this representative report on the responses to AMSA's consultation.

While there is overlap between categories of response, overall, 258 people attended the 24 information meetings and some 632 individual responses were received to the consultation (including online forms, letters, and submissions received by AMSA representatives during meetings). When the people who belonged to organisations and industry bodies who made submissions were included, a total of 5505 people were represented by the responses. Of these, 4131 were from the fishing industry. In addition, 4303 phone calls were received (many callers were referred to the procedure for online submissions) and 24 additional representations were made via other channels.

### *Overview of responses*

While AMSA set out to consult on the two levy models, the reality was that the industry responded strongly to the issue of cost recovery itself, along with a host of related issues. The proposed full cost recovery approach of the National System and the two model options prompted highly emotional and mainly very negative reactions.

While some operators (and industry organisations) expressed approval of the National System, positive reactions to the levy model were few and far between. They were voiced by a very small minority and were overshadowed by overwhelmingly negative feedback and concerns.

Responses to the consultation can be grouped based on seven key issues:

1. **Cost increase:** Respondents believe the proposed levy represents an unexpected and significant increase in costs, applied over too short a period of time, which will have major impacts on viability, industry survival and safety.
2. **Government subsidisation versus full cost recovery:** Respondents question why other industries and sectors – such as aviation – are subsidised, and question why AMSA is seeking full cost recovery rather than a “public good” approach, and why the transition period isn't longer, as it is in the rail industry.
3. **Privatisation of surveying:** Respondents believe the privatisation of surveyors and full cost recovery will add significantly to survey costs, and there are concerns over quality control and how more demand will be managed.



4. **Levy structure:** Respondents were fairly evenly split on the question of Model One versus Model Two, however the majority rejected both models. Respondents argued that factors that could be taken into account in developing a model could include risk, area of operation, type of operation, meterage, passenger numbers, ability to pay, fleet size, frequency of use, seasonal operations, calm water use, compliance record, time needed with regulator, and other factors. Industry wants more say in developing a representative and fair model and believes a greater range of exemptions should be considered.
5. **Service provision:** Given the cost increase, respondents questioned what they could expect in return, especially in remote areas – many doubted they would receive the level of service they receive now, let alone improved service.
6. **Safety implications:** Respondents believe increased costs will affect industry safety through cost cutting, leading to smaller crews, less resources for training, carrying out operations in smaller vessels, resistance to upgrading vessels, and having to reduce maintenance costs.
7. **Industry health and wellbeing:** Respondents – particularly smaller operators – believe the industry is facing significant pressures, and they say this major increase in costs will have an impact on their viability, as well as the mental health of some participants.

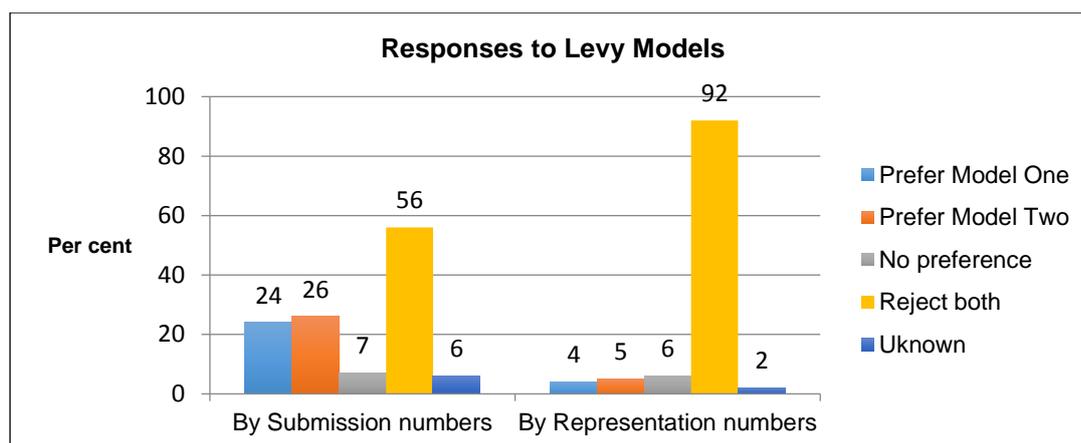
In ranking the issues, Seftons calculated two weightings for each issue based on: 1) the percentage of the total submissions that focused on the issue, and 2) the percentage of the total number of people involved in submissions who were associated with the particular issue (accounting for organisational submissions representing numerous individuals).

ISSUE	WEIGHTING BY NUMBER OF SUBMISSIONS (632)	WEIGHTING BY PEOPLE REPRESENTED (5505)
Cost increase	Mentioned in 66% of responses	Representing 85%
Government subsidisation versus full cost recovery	Mentioned in 28%	Representing 49%
Privatisation of surveying services	Mentioned in 27%	Representing 48%
Levy structure	Mentioned in 12%	Representing 22%
Service provision	Mentioned in 10%	Representing 25%
Safety implications	Mentioned in 7%	Representing 6%
Industry health and wellbeing	Mentioned in 4%	Representing 3%

### *Response to the levy models*

By number of submissions, responses to the question about Model One versus Model Two were evenly split (24% per cent preferred Model One, 26% per cent Model Two). However, many respondents (56%) stated in their comments that they rejected both models, but the online interface only provided two options: Model One or Model Two. Considered by numbers of people represented, the proportion rejecting both models rises to 92% (and for those expressing a preference, Model Two is preferred over Model One).

RESPONSE TO LEVY MODELS	BY NUMBER OF SUBMISSIONS (632)	BY PEOPLE REPRESENTED (5505)
Prefer Model One	155 (24%)	206 ( 4%)
Prefer Model Two	164 (26%)	1,378 (25%)
No preference	7 ( 1%)	6 ( 1%)
Reject both	351 (56%)	5071 (92%)
Other/no answer	40 ( 6%)	92 ( 2%)



[Note: The online survey provided only the option to choose between Model One and Model Two – the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models in the comments.]

Those preferring Model One felt that it was simpler and easier for businesses to budget and plan for. Those preferring Model Two felt that it was fairer and more industry specific. Those rejecting both models felt strongly that neither was fair or equitable, and that the costs were far too high to be sustainable.

The comments relating to rejecting both options were in many cases angry, disbelieving and highly critical of AMSA. There were calls for greater transparency in AMSA's financial calculations and models, including calls for an independent third party audit and verifications of financial modelling.

Where feedback was more positive, questions focused on the specific structure of the levy (exemptions, risk versus vessel size) and service delivery expectations, with a general acceptance of AMSA's role and the levy concept.

### *Responses by vessel class*

Preferences are less clear cut when considered by vessel class. When representative numbers are considered, groups tend to prefer levy Model Two.

The fishing sector (with a much higher number of submissions than other sectors) was very vocal, stressing the impact of the levy in light of the difficulty the industry faces in passing on costs, the seasonality of the industry, and the potential financial and health/wellbeing impacts on small operators, some of whom may be forced to cease operations. Submissions from this industry also suggested that increased costs would reduce safety outcomes by forcing the industry to cut back (less crew, smaller vessels, fewer safety checks, etc.). This sector, among others, strongly called for the Government to take a "public good" approach to subsidising the cost of safety for fishing, citing both primary production and aviation safety as comparable examples.

### *Media coverage*

The process attracted wide media coverage, coinciding with the start of consultation and particularly focused on the face to face industry meetings. Reporting focused heavily on cost increases and the potential for operators to go out of business. The fishing industry was the main focus of reporting.

Spokespeople interviewed included representatives of fishing industry bodies, individual fishermen, AMSA officers, and state and federal parliamentarians.

Stories were published across radio, print and television with the highest volume of reporting in Tasmania and Victoria. ABC local radio accounted for the majority of reporting, with a number of interviews across Australia coinciding with individual consultations sessions. Extended reporting occurred on ABC local radio rural news programming in Tasmania, Victoria and New South Wales. Stories also appeared in *The Australian*, *Hobart Mercury*, *Port Lincoln Times*, *Ballina Advocate*, *The Whitsunday Times* and a number of industry publications.

### ***Dissatisfaction with the consultation***

A number of respondents expressed dissatisfaction with the consultation process itself, including the timing and delivery. Several representative organisations called for the current consultation to be either extended or withdrawn, and some offered support for helping structure a new consultation with full industry involvement, and/or for running a whole of industry forum.

### ***Conclusion***

There is a widespread belief that a simpler, easier framework that would not increase costs had been promised for the National System, and that the proposed models do not deliver on this promise. Overall, the industry is strongly opposed to the cost recovery model, believing that the increased costs are not justified or transparent, and that they are not viable for many operators.

Respondents argued they wanted more involvement in the decision-making process, not just a choice between two levies, both of which many believe are unfair.

The negative and highly emotive feedback expressed on the proposed full cost recovery of the National System has already had a serious impact on AMSA's credibility and standing within the industry. The issue of rebuilding industry trust must be considered seriously.



## Background

Consistent with the Australian Government's Cost Recovery Guidelines, AMSA is proposing to implement by 1 July 2017 a levy and fees for services to recover the costs associated with delivery of the National System for Domestic Commercial Vessel Safety (National System).

As part of its consultation prior to the introduction of the levy, AMSA contracted Seftons to assist with staffing consultation meetings, and with collating, analysing and reporting on its public consultation process. Seftons provided an interim report with preliminary analysis of feedback received prior to 12 September 2016. This full report expands on the results presented in the interim report and replaces that report.

### *Consultation Objectives*

In August, September and October 2016, AMSA consulted with the diverse range of stakeholders who will be subject to the levy and the fees for services. AMSA sought the stakeholders' views on the proposed cost recovery model associated with AMSA delivering services to the domestic commercial vessel (DCV) industry.

AMSA was not consulting on whether a levy should be introduced, or the quantum of AMSA's cost base in delivering these services. The consultation was on what the structure or model for the levy and fees for services should be.

The objectives of the consultation were to:

- Provide information to stakeholders on two proposed levy models for the National System that will be implemented from 1 July 2017
- Create opportunities for a wide range of industry stakeholders to provide feedback via multiple channels
- Acknowledge and gain feedback on the proposed levy and charge models within the consultation period
- Build confidence in effective consultative and planning processes between the industry and AMSA
- Provide advice to government on industry views of the proposed levies and fees for services
- Increase the Government's understanding of issues affecting operators and seafarers.



## Consultation Approach

AMSA conducted a public consultation on the proposed levy and fees for services to ensure openness and transparency in decision-making. This was scheduled to allow the DCV industry adequate time to comment, and the Government sufficient time to review and consider the outcomes of consultation to inform decision-making.

There were three phases of stakeholder engagement in the consultation plan:

- An information period up to the release of the proposed levy and charge models (early August)
- A formal eight-week consultation period for running public consultations and receiving public submissions (commenced on 15 August)
- An evaluation period following the public consultation (mid-October onwards).

### *Stage One – Information*

In early August 2016, AMSA informed key decision-makers and government that the consultation process was taking place and provided information on the National System, outlining the changes to service delivery and cost recovery.

### *Stage Two – Consultation and submissions*

This was an eight-week formal public consultation between 15 August and 10 October 2016. Activities during this period included:

- Notifying stakeholders of the consultation period via email and hard-copy letters (sent to approximately 90,000 stakeholders)
- Calling for submissions
- Releasing an information pack, and cost recovery impact statement (CRIS)
- Issuing a media release to relevant media outlets
- Notifying stakeholders via social media channels
- Preparing articles for inclusion in AMSA and industry publications
- Running 24 stakeholder information meetings (delivered as a mix of one-to-one, small group conversations and larger meetings as appropriate to the group size) in capital city and regional locations.

### *Stage Three – Evaluation of responses*

The third stage of the consultation plan involves collating and responding to the information received during the consultation, and briefing the Australian Government through the Minister for Infrastructure and Transport. This report is part of the third stage.

AMSA and the Department will review the comments and outcomes of the stakeholder consultation process and provide a recommendation to the Australian Government.



## Responses Received Overall

Overall, 258 people attended the 24 information meetings and some 632 individual submissions were received during the consultation (including submissions taken down by AMSA representatives during meetings). The number of people associated with the submissions rises to 5505 when one takes into consideration the numbers of people represented by responses from organisations and industry bodies. Of these, 4131 people are represented by submissions from Class 3 (fishing) organisations. A list of industry organisations making responses is included as Appendix One.

In addition, 4303 phone calls were received. They are mentioned separately from the formal responses (in Appendix Seven) and are not included in the overall percentages due to potential overlap.

To summarise, responses were received from the following sources:

Source/type of response	Number	Number of people represented
Emails	268	3781
Online submissions	277	1537
Submissions via hard copy taken down in consultation meetings or mailed to AMSA	87	187
<b>TOTAL</b>	<b>632</b>	<b>5505</b>

## Responses Received by Vessel Class

Fishing industry vessels (Class 3) made up the highest number of submissions, followed by those identifying as passenger class vessels.

Class	Number of submissions	Number of people represented
Class 1: Passenger	137	1104
Class 2: Trading	46	46
Class 3: Fishing	367	4131
Class 4: Hire and drive	19	118
Class 5: Other/unknown	63	106
<b>TOTAL</b>	<b>632</b>	<b>5505</b>



## Methodology of Analysis

There has been a high volume of qualitative responses to the two proposed levy structures. To assess and analyse these responses and provide an accurate and representative evaluation of them, Seftons has:

- Identified seven overarching issues raised by respondents
- Identified the number of submissions relating to each type of issue in order to provide indicative weightings for each of the seven issues (noting that there is overlap between issues)
- Identified, where possible, which submissions were individual and which represented numbers of people (through industry organisations etc.) so representative numbers could be considered as well as total numbers
- Identified the relative weightings of these issues by industry
- Carried out quantitative analysis where possible (i.e. by assessing the level of support for Model One versus Model Two)
- Added an additional 'neither' category for the significant number of respondents who noted in comments that they did not agree with either model and estimated the number in this category from available data ('neither' was not an option on the response form)
- Noted the level of abusive and aggressive phone call responses
- Identified a number of submissions that could be used by AMSA as representative examples of responses to the issues.

### *How data was interpreted*

Due to the ways in which data was gathered and presented, and because the data is largely qualitative, statistical analysis of the results needs to be considered with care. For example, to help it understand the relative importance of issues to different groups and across the DCV industry, AMSA has asked Seftons to supply information about the number of people represented, as well as the number of submissions. However, there is an unknown degree of overlap in this estimate. For example, when industry bodies made submissions, they were weighted to account for the number of members the body represented, but individual members also made submissions, and did not always indicate their membership of the organisation. In addition, individuals who made responses in meetings may also have made submissions via other channels. Moreover, some stakeholders responded more than once. A number of submissions were anonymous, including many of those made in consultation meetings.

It is therefore not possible to quantify with a high level of confidence, the level of overlap from the data collected – however, Seftons does not believe this substantially affects the overall findings, which are fairly consistent.

In an effort to conduct meaningful analysis, the differing forms of feedback were categorised as far as possible and consolidated into one database.

The data is largely qualitative, and where statistics have been extracted, it is worth noting that:

- Due to the large difference between the total number of submissions and the total number of people those submissions represent (through industry association and peak body submissions), this report references both where possible.
- Many of the industry associations did not choose to preference either Model One or Model Two, which had an effect on the final figures
- In order to ensure all issues were represented, any weighted percentages above zero but under 1% were included as 1%.

We note, therefore, that overall, percentages should be treated as indicative only, and value should be given to the qualitative summary of issues raised.

## Identification of Issues Raised

Seftons identified seven key issues in the responses, which are set out below in the order of importance assessed by the number of submission made. It should be noted that not all responses are necessarily based on a full understanding of AMSA's proposals – these issues are those raised by respondents based on their knowledge and understanding.

1. Cost increase
2. Government subsidisation versus full cost recovery
3. Privatisation of surveying
4. Levy structure
5. Service provision
6. Safety implications
7. Industry health and wellbeing.

In summary, respondents felt strongly that the initial decisions of the Council of Australian Governments (COAG) promised a new National System that would be simpler and cheaper, with an expectation that this would translate to lower cost to operators, yet respondents believe the two proposed levy options fail to deliver on this, and in fact deliver the opposite.

In addition, a number of respondents expressed dissatisfaction with the consultation process (particularly the earlier consultations), believing it was poorly organised, with little notice of meetings provided for those sessions scheduled early on and that staff members' capacity to answer detailed questions did not meet their expectations.



## Further Detail Within the Issues

### *Cost increase*

Respondents believe the proposed levy represents an unexpected and significant increase in costs, applied over too short a period of time, which will have major impacts on viability, industry survival, and safety.

Many expressed shock and outrage at the cost increases. They calculated that in some cases the new levy would be up to several hundred per cent higher than the costs they are currently paying, with the increase being introduced in less than 12 months.

This was by far the biggest issue raised in responses, and concerns about dramatically increased costs flow over to all other issues, especially safety, industry survival, the role of government funding, and individual health/wellbeing.

Responses included:

- Anger from respondents who believed the new National System promised no increase in costs, but is now proposing major increases.
- Disbelief and anger at the size of the cost increases.
- Assertions that insufficient justification has been provided for the cost increases.
- Assertions that the costs could be significant and at times devastating, especially at the smaller owner-operator level and particularly in the fishing industry.
- Assertions that people in the fishing industry (as primary producers operating under quotas) have limited or no ability to pass on increased costs to the end user – the industry is a ‘price taker, not a price setter’.
- Comments that unlike other primary producers, fishermen do not get assistance in years of drought or flood, though these affect catch dramatically.
- Comments that if the fishing industry has to increase seafood prices, it loses wholesale customers who can buy imported fish much more cheaply.
- Numerous references to other financial and profitability pressures on fishermen, such as net free zones, marine park zonings, license fees, competition from recreational fishers.
- Comments that in Queensland fishermen are in the initial stages of fisheries reform, for which costs are also being recovered.
- References to state agencies – particularly in Tasmania – already achieving full cost recovery while charging much lower fees.
- Demands for auditing and transparency in AMSA’s financial estimates – these were questioned and analysed in some applications and not believed to be correct.
- Comments that AMSA’s cost recovery proposal is inconsistent with Australian Government cost recovery guidelines – for example the requirements for efficiency and effectiveness, transparency and accountability, and stakeholder engagement.
- Concern about the short time frame for the charges to be introduced, and the lack of any phase-in. Respondents felt the timeline for introducing the costs was too short, and that the introduction of the full cost increases prior to the full roll out of the National System is inappropriate.
- Comments that the increased cost and administration burdens are at odds with the Government’s commitment to reducing small business costs and red tape.



- Belief that both industry and individual business viability will be seriously compromised – predictions that many operations will close down, scale down, cut back on safety, or struggle to survive.
- Belief that increased costs will negatively impact on safety and jobs.
- Belief that new fees will affect smaller operators more due to their smaller scale of operation and profitability.
- Questions about the fairness of the costs e.g. small versus large vessels, seasonal operations, operations with a number of boats where not all are in use, etc.
- Suggestions that the cost increase could be double-dipping as operators already pay other government levies and taxes – e.g. Parks and Wildlife, Fisheries, WorkSafe etc.
- Concerns over state government costs on top of the levy e.g. waterways management, navigational aids, boat ramps etc.
- Noting that costs will be high for operators where certification has not previously been a requirement (Queensland).

### *Government subsidisation versus full cost recovery*

Respondents questioned why other industries and sectors – such as aviation – are subsidised, and questioned why AMSA is seeking full cost recovery rather than a “public good” approach. Suggestions were made for an Australian Government subsidy of around 50% of costs in recognition of the public good component inherent in marine safety services, and in recognition of the value of the sector to the economy.

Responses included:

- Assertions that there is a high level of “public good” in the maintenance of a safe fleet.
- Questions about why AMSA has to fully cost recover from this sector when other sectors (such as air, road and railway) do not operate this way. (For example, one respondent noted that the Civil Aviation Safety Authority recovers only 37% of costs).
- Belief that the Government should support this “vibrant and essential component of the Australian economy”, or else face contraction of seafood exports, tourism and local seafood markets.
- Belief that the DCV industry provides public good and community benefits, including: a sustainable source of protein, tourism services, availability for emergency services, and efficient and effective transportation processes.
- Belief that the Government’s approach is at odds with how it has identified a “blue economy” (ocean-based) as an area for sustainable development, supported by a ten-year marine science plan.
- Belief that vessel operators shouldn’t have to completely fund the levy because AMSA also provides services to the general public – some government funding should be provided.

### *Privatisation of surveying*

Respondents believe the privatisation of surveyors and full cost recovery will add significantly to survey costs, and there are concerns over quality control and the effects of increased demand for surveyors.



Responses included:

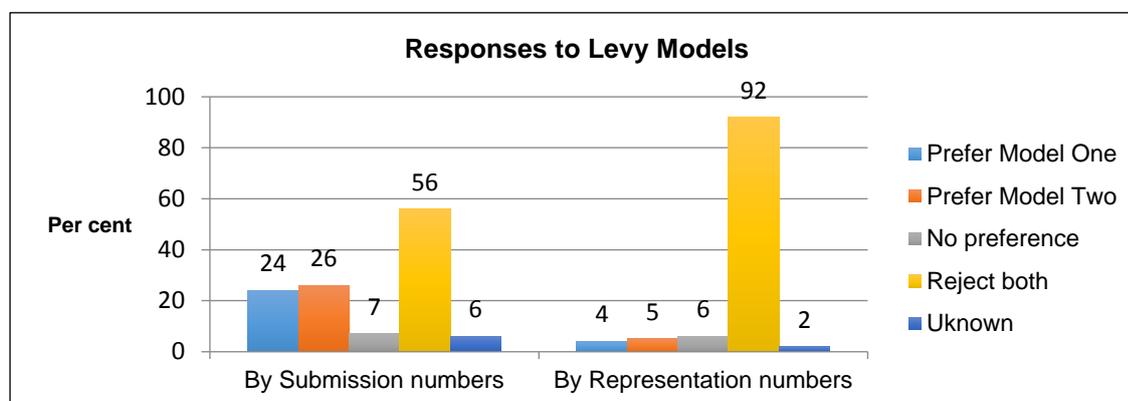
- Concerns that the privatisation of surveyors and full cost recovery will add significantly to survey costs, particularly in remote areas where surveyors will need to be flown in.
- Concerns about quality control and undercutting due to an increased demand for surveyors.
- Concerns that private surveyors operating in a commercial environment will lower standards to get business, that if survey intervals are increased the private surveyors will spend less time overall on the vessel with a resulting reduction in standards, or that other changes they apply will affect safety and costs.

### Levy structure

By submission numbers, respondents were fairly evenly split on the question of Model One versus Model Two. However, the majority of respondents rejected both models. Respondents suggested factors that could be taken into account in developing a model could include risk, area of operation, type of operation, meterage, passenger numbers, ability to pay, fleet size, frequency of use, seasonal operations, calm water use, compliance record, time needed with regulator, and other factors. Industry wants greater say in developing a more representative and fair model and argued that a greater range of exemptions should be considered (e.g. rescue, education, research, pontoons, heritage, police).

By number of submissions, responses to the question about Model One versus Model Two were evenly split (24% per cent preferred Model One, 26% per cent Model Two). However, the majority of respondents (56%) stated in their comments that they rejected both models, but the online interface forced them to choose between them.

Considered by numbers of people represented, the proportion rejecting both models rises to 92%, while Model Two is preferred over Model One.

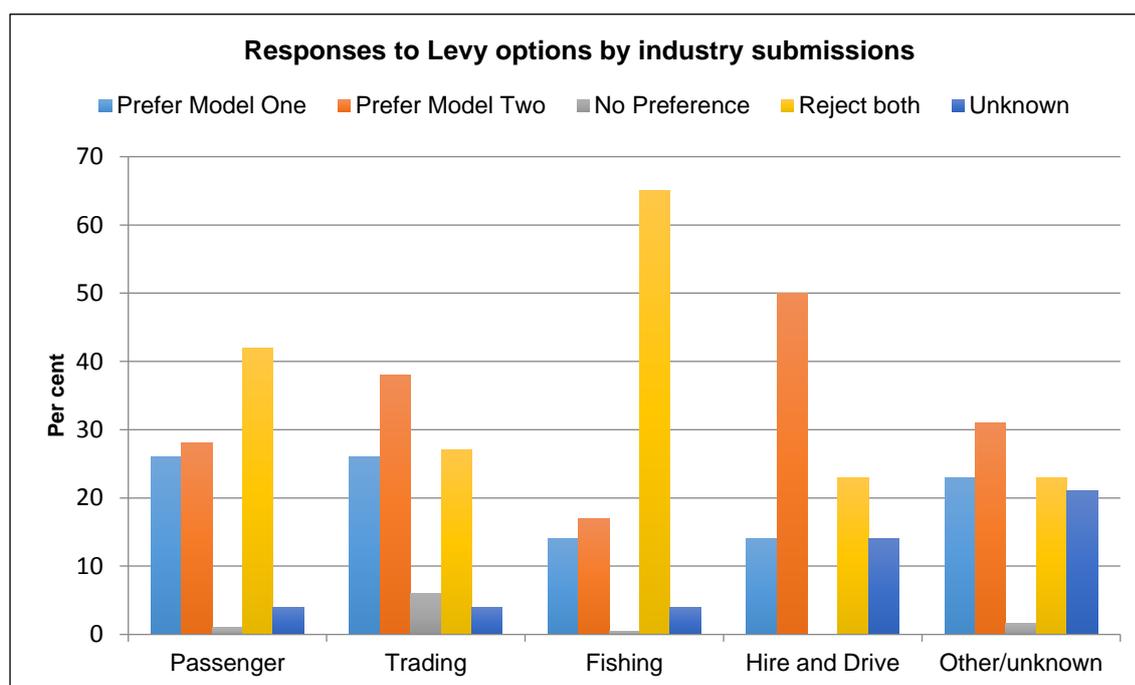


*Note: The online survey provided only the option to choose between Model One and Model Two– the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models within the comments.*

Preferences considered by vessel class are outlined below.

Responses to levy options by industry submissions					
	Prefer Model One	Prefer Model Two	No preference	Reject both	Unknown
<b>CLASS 1: PASSENGER</b>	70 (42%)	46 (28%)	1 (0.6%)	44 (26%)	6 (4%)
<b>CLASS 2: TRADING</b>	13 (26%)	19 (38%)	3 (6%)	13 (26%)	2 (4%)
<b>CLASS 3: FISHING</b>	56 (14%)	71 (17%)	1 (0.2%)	266 (65%)	17 (4%)
<b>CLASS 4: HIRE AND DRIVE</b>	3 (14%)	11 (50%)	0	5 (23%)	3 (14%)
<b>OTHER/UNKNOWN</b>	14 (23%)	19 (31%)	1 (1.6%)	14 (23%)	13 (21%)
<b>TOTALS*</b>	<b>156</b>	<b>166</b>	<b>6</b>	<b>352</b>	<b>41</b>

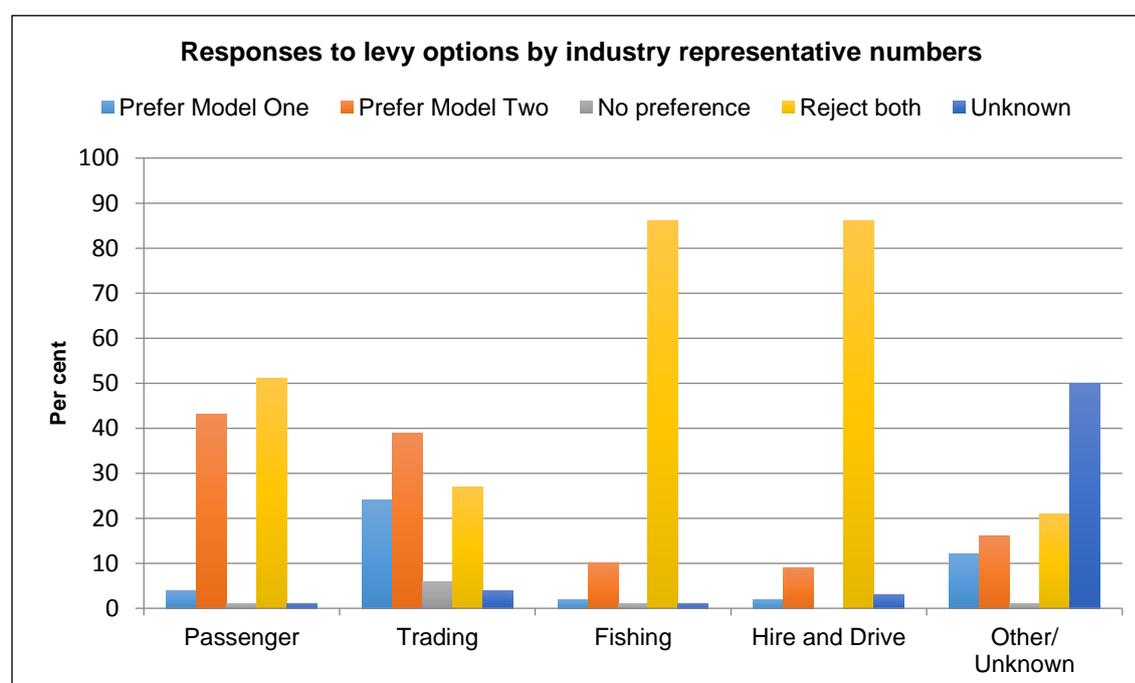
\* Overlapping data means the total number of responses is higher than the total number of submissions.



*Note: The online survey provided only the option to choose between Model One and Model Two– the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models within the comments.*

When representative numbers are considered, groups tend to prefer levy Model Two.

Responses to levy options by industry representative numbers					
	Prefer Model One	Prefer Model Two	No preference	Reject both	Unknown
CLASS 1: PASSENGER	69 (4%)	860 (43%)	1 (1%)	1012 (51%)	5 (1%)
CLASS 2: TRADING	12 (24%)	19 (39%)	3 (6%)	13 (27%)	2 (4%)
CLASS 3: FISHING	108 (2%)	469 (10%)	1 (1%)	3918 (86%)	24 (1%)
CLASS 4: HIRE AND DRIVE	3 (2%)	11 (9%)	0	104 (86%)	3 (3%)
OTHER	6 (8%)	7 (10%)	1 (1%)	9 (13%)	47 (68%)
UNKNOWN	8 (17%)	12 (26%)	0	15 (33%)	11 (24%)
<b>TOTALS</b>	<b>206</b>	<b>1378</b>	<b>6</b>	<b>5071</b>	<b>92</b>



*Note: The online survey provided only the option to choose between Model One and Model Two– the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models within the comments.*

Responses included:

- Comments that the two levy models are too similar (both being based on length), and that this is not an accurate reflection of the potential for different levy options (and one potential reason for the lack of a clear preference from industry).
- Suggestions AMSA could explore a levy model based on risk, area of operation, type of operation, seasonal operations, compliance record, time needed with regulator, and other factors.

- Assertions that for some boats (e.g. sailing vessels), increased meterage is not associated with increased risk, yet this is how the levy treats larger boats. According to some respondents, the levy should be based on meterage and risk, not just size.
- Belief that usage should also be taken into account – e.g. there should be consideration for operators with multiple boats to suit different purposes and conditions, which are not all in use at once. Static mother ships should be treated differently to moving vessels (e.g. pearling industry).
- Comments that small operators who have multiple vessels but only operate one at a time with a single skipper under a single fishing licence should not have to pay a levy for all their vessels.
- Comments from police agencies that questioned why their vessels are part of the levy when they are in effect a service delivery partner in safety and compliance. These comments noted that voluntary/non-profit search and rescue organisation vessels will be exempt, and argued that police agency vessels should be too.
- Suggestions that there should be pro-rata costs for boats involved in short seasonal work (not at risk for whole year).
- Calls for exemptions for some types of vessels, including education, research, volunteer, heritage, not-for-profit, tender and police vessels, permanently moored pontoons, vessels operating in calm waters, and kayaks.
- Suggestions that percentage of taxable income should be considered as a levy component – larger vessels that make more money should wear more of the cost.
- Demands for greater transparency on cost recovery models – respondents wanted to see the impact of a five-year cycle on various vessel types.
- Suggestions regarding the introduction of operational categories to reduce the regulatory burden of the levy.
- Suggestions that operators need help to understand how best to structure their businesses to get the most from the levy and apply for relevant exemptions.

### *Service provision*

Given the cost increase, respondents asked what they could expect in return, especially in remote areas – many doubted they would receive the same level of service that they have been receiving, let alone improved service.

Responses included:

- Assertions that a high level of service should be provided for this cost increase – but there are doubts this is possible.
- Concerns over a centralised service model and the potential for services to decline.
- Comments from some operators that they currently receive little or no service anyway and don't see how this situation will change.
- Mixed feedback on delivering services online and through Australia Post services. Some operators welcomed this option, others did not.
- Concerns that there will be delays in staff certification and other administration.
- While some are appreciative of AMSA's online services, some regional and remote operators want better on-the-ground service from AMSA in return for paying the levy – but do not have faith this will be possible.



### *Safety implications*

Respondents believe increased costs will affect industry safety through cost cutting, leading to smaller crews, fewer resources for training, use of smaller vessels to carry out operations, not upgrading vessels, and having to reduce maintenance to cut costs.

Responses included:

- Suggestions that safety will be compromised as a result of the increased financial burden because of
  - Incentivising a reduction in vessel size
  - Reducing appropriate crewing
  - Single vessel operations (not fit for purpose)
  - Reduced vessel maintenance
  - Ageing fleet
  - Risk of non-compliance.
- Suggestions that AMSA should incentivise good safety practices with reduced fees.

### *Industry health and wellbeing*

Respondents – particularly smaller operators – believe the industry is facing significant pressures, and this major increase in costs will have a significant impact on their viability, with the potential for poor mental health outcomes for some participants.

Responses included:

- Concern and anger that the proposed costs will have a major impact on the industry's viability and ability to develop.
- Belief that the impacts of cost increases will be significant and at times 'devastating'.
- Concern at a personal level about the ability of small operators on slim margins to survive this increase.
- Anger from individuals who believe they will be forced out of business and lose their livelihoods.



## Other Issues

Many respondents expressed strongly the view that a new National System had been promised that would be simpler and cheaper. Respondents said that the proposed levy options not only fail to deliver on this but in fact deliver the opposite – a major cost increase.

A number of respondents asserted that AMSA is bureaucratic and out of touch with the issues on the ground.

The issue of “grandfathering” was raised in some submissions. Grandfathering arrangements allow existing vessels to continue operating under survey requirements that were in force before the introduction of the National System on 1 July 2013. It appears some respondents were of the understanding that grandfathering meant they would be exempt from paying national fees and levies.

A number of respondents also expressed dissatisfaction with the consultation process (mainly the earlier sessions), believing it was poorly organised, with little notice of meetings provided, missing details about times and locations, and that staff members’ capacity to answer certain questions did not meet their expectations. There was anger that respondents were offered only the choice of two levies, with no other possible response.

Some respondents, notably those who attended meetings, said they refused to use, or could not use, email and/or computers and needed to be posted hard copies of information. Others commented that the online system was too difficult to find or log in to. Some commented that some of those involved in the industry have low levels of literacy and/or computer skills. They said that these people are disadvantaged in the consultation, and believed that many in the industry are still unaware of the consultation.



## Relative Weighting of Issues

This section explains how responses were weighted. Seftons identified the issues in the responses (excluding phone calls), and identified the frequency with which they were mentioned.

In all cases the issue of cost was by far the most frequently mentioned. Most other issues relate directly or indirectly to the proposed cost increases.

There are some changes in the relative weighting of issues depending on whether the weighting is by the number of submissions or the number of people represented, and when considered by industry class.

However, cost increase remains the top issue throughout, and most other issues flow from concerns about cost.

### *Issues considered by number of submissions*

Analysed by total submissions received (632), 'Government subsidisation versus full cost recovery' (i.e. the question of whether the Government should aim at full cost recovery or subsidise the industry) rose to second-most important, closely followed by concerns related to the privatisation of surveying.

RANK	ISSUE	WEIGHTING BY NUMBER OF SUBMISSIONS
1.	Cost increase	Mentioned by 66%
2.	Government subsidisation versus full cost recovery	Mentioned by 28%
3.	Privatisation of surveying services	Mentioned by 27%
4.	Levy structure	Mentioned by 12%
5.	Service provision	Mentioned by 10%
6.	Safety implications	Mentioned by 7%
7.	Industry health and wellbeing	Mentioned by 4%

### *Issues weighted by total people represented*

When the responses are analysed in terms of the total number of people represented by the responses, cost is ranked even more strongly as the number one issue. The impacts of privatisation of surveying assume more importance.

RANK	ISSUE	WEIGHTING BY TOTAL PEOPLE REPRESENTED (5505)
1.	Cost increase	Representing 81%
2.	Government subsidisation versus full cost recovery	Representing 49%
3.	Privatisation of surveying services	Representing 48%
4.	Service provision	Representing 25%
5.	Levy structure	Representing 22%
6.	Safety implications	Representing 6%
7.	Industry health and wellbeing	Representing 3%

## Issues weighted by industry

### Class 1: Passenger

#### 137 submissions, 1104 people represented

This class includes tourism, diving and fishing charters, ferries (car and passenger), water taxis, inland operations, steam and sail vessels.

In this class there was a stronger focus on the provision of services and how these would be affected by the changed system and increased cost.

ISSUE	WEIGHTING IN CLASS 1: PASSENGER – PER SUBMISSIONS* (percentage that mentioned issue)	WEIGHTING IN CLASS 1: PASSENGER – PER REPRESENTATION** (percentage that mentioned issue)
Cost increase	47%	20%
Safety implications	3%	1%
Government subsidisation versus full cost recovery	12%	2%
Service provision	12%	12%
Privatisation of surveying services	9%	1%
Industry health and wellbeing	6%	12%
Levy structure	1%	13%

\* Percentage of submissions in this class that mentioned the issue.

\*\* Percentage of people represented in this class who were associated with a submission that mentioned the issue.

### Class 2: Trading

#### 46 submissions, 46 people represented

This class includes research, emergency response and rescue, freight and cargo vessels, tugs, barges, dredges and workboats.

In this class, detail about the structure of the levy was the second-highest issue and safety was also ranked relatively highly.

ISSUE	WEIGHTING IN CLASS 2: TRADING – PER SUBMISSIONS*	WEIGHTING IN CLASS 2: TRADING – PER REPRESENTATION**
Cost increase	46%	46%
Safety implications	9%	9%
Government subsidisation versus full cost recovery	11%	11%
Service provision	9%	9%
Privatisation of surveying services	11%	11%
Industry health and wellbeing	4%	4%
Levy structure	15%	15%



### Class 3: Fishing

#### 367 submissions, 4131 people represented

This class includes trawl, long line, pot/trap, netting, diving and aquaculture vessels that catch or farm prawns, barramundi, crab, lobster, abalone, oysters, mackerel, scallops, tuna, whiting, coral trout, king fish and bêche-de-mer.

The fishing industry was highly concerned about impacts from the privatisation of surveying, believing costs would rise dramatically, especially in remote areas where private surveyors would need to be flown in for inspections. The role of government attracted a high level of comment, with many believing the industry should be supported as a primary industry, and that government should consider the public good involved.

ISSUE	WEIGHTING IN CLASS 3: FISHING – PER SUBMISSIONS*	WEIGHTING IN CLASS 3: FISHING – PER REPRESENTATION**
Cost increase	80%	98%
Safety implications	7%	8%
Government subsidisation versus full cost recovery	39%	63%
Service provision	10%	30%
Privatisation of surveying services	39%	60%
Industry health and wellbeing	3%	1%
Levy structure	2%	25%

\* Percentage of submissions in this class that mentioned the issue.

\*\* Percentage of people represented in this class who were associated with a submission that mentioned the issue.

### Class 4: Hire and drive

#### 19 submissions, 118 people represented

This class includes houseboats, jet skis and sailing vessels.

The hire and drive industry was also highly concerned with impacts from the privatisation of surveying, believing costs would rise dramatically, especially in remote areas where private surveyors would need to be flown in for inspections.

ISSUE	WEIGHTING IN CLASS 4: HIRE AND DRIVE – PER SUBMISSIONS*	WEIGHTING IN CLASS 4: HIRE AND DRIVE – PER REPRESENTATION**
Cost increase	63%	94%
Safety implications	0%	0%
Government subsidisation versus full cost recovery	21%	3%
Service provision	5%	1%
Privatisation of surveying services	21%	87%
Industry health and wellbeing	16%	3%
Levy structure	0%	5%



**Class 5: Other (AND UNKNOWN)****63 submissions, 106 people represented**

Where vessel class was not specified, respondents still showed a high level of concern for the question of government subsidisation, and the impacts of privatising survey services.

ISSUE	WEIGHTING IN CLASS OTHER: OTHER AND UNKNOWN – PER SUBMISSIONS*	WEIGHTING IN CLASS OTHER: OTHER AND UNKNOWN – PER REPRESENTATION**
Cost increase	46%	53%
Safety implications	13%	8%
Government subsidisation versus full cost recovery	16%	35%
Service provision	10%	21%
Privatisation of surveying services	13%	33%
Industry health and wellbeing	5%	3%
Levy structure	11%	7%

\* Percentage of submissions in this class that mentioned the issue.

\* Percentage of people represented in this class who were associated with a submission that mentioned the issue.



## Key points made by industry organisations

Seftons considered points made by a representative group of industry submissions, as these provide an indicative overview of responses.

Key points raised include:

- The concept of a National System is supported by many, as long as there is less red tape, less cost, and safety is maintained.
- There were offers to help work with AMSA to lobby for industry assistance package and fresh start to industry discussion to develop supportable cost structure.

Direct comments include:

- Cost increases are staggering and unjustifiable. They will have significant and at times devastating impacts.
- The consultation process should be halted or extended.
- There should be meaningful consultation with industry transparently identifying the costs that AMSA intends to recover.
- The approach does not meet the goals of National Reform.
- The Australian Government Regulatory Reform Agenda is supposed to be committed to removing costs and regulation.
- The National System was sold on the basis of streamlined regulation and cost efficiencies – these have not been delivered.
- A key tenet of the National System was no cost increase, but on average costs will more than double.
- The public good component should be eliminated from cost recovery.
- Compliance and enforcement should be eliminated from any cost recovery.
- AMSA should obtain a permanent government subsidy of at least 50% recognising public good.
- Results will include reduced vessel sizes, reduced crews and less maintenance, the use of single vessel operations not fit for purpose, risk of non-compliance and barriers to moving into National System.
- Government should subsidise national safety system as with CASA.
- Full cost recovery is unfair – AMSA is not recovering full costs from sectors other than DCV.
- Models not fair or equitable – increased cost with no guarantee of service.
- AMSA's costing is flawed compared to state costs of service delivery.
- Risks backlash from consumers and contracting export markets.
- Introducing a levy prior to full roll out is inappropriate – transition to full operation should be negotiated, with a period no less than five years.
- Needs much longer phase-in time (rail sector not achieving full cost recovery until 2034).



- Marine tourism businesses operate with tight margins in discretionary spend market subject to weather and environmental conditions. Cost can only be passed to consumers and the sector will suffer significantly.



## Conclusion

While AMSA had provided two levy models for consultation, industry responded strongly to the issue of cost recovery itself, along with a host of related issues. The proposed full cost recovery approach and the two model options presented elicited highly emotional and mainly very negative reactions.

While a number of respondents expressed approval of a National System, positive reactions to the levy model were few and far between. They were voiced by a very small minority and overshadowed by overwhelmingly negative feedback and concerns.

There is a belief that a simpler, easier framework was promised, and that the proposed system does not deliver on this.

Overall, the industry is strongly opposed to the full cost recovery model, believing that the increased costs are not justified or transparent, and that they are not viable for many operators across classes.

Additionally, many respondents argue they want more involvement in the decision-making process, not just a choice between two levies which many believe are both unfair. There was widespread anger and disaffection with the consultation process.

Several representative organisations called for the current consultation to be withdrawn and offered their support for helping structure a new consultation with full industry involvement.

Whilst the response to the levy was overwhelmingly negative, there was little to no feedback or criticism on the fee for service elements included as part of the consultation.

Since AMSA became the National Regulator for domestic commercial vessels in 2013, the agency has worked hard to increase the Government's understanding of issues affecting the DCV industry, and to build relationships that will increase confidence in the National System. This has been achieved in a variety of ways, including the creation of industry advisory committees and dedicated regional liaison officers to help industry and other government agencies understand the new National System, and to give them a local contact point when they need help. AMSA also conducted a streamlining review and identified 13 ways to make it easier for industry to comply with new safety laws for the domestic commercial fleet.

The negative and highly emotive feedback expressed to date on the proposed full cost recovery and levy is indicative of the damage that is occurring to the relationships that AMSA has worked hard to create over the last three years. The issue of rebuilding industry trust should be considered seriously.



## Appendix One – Industry Associations

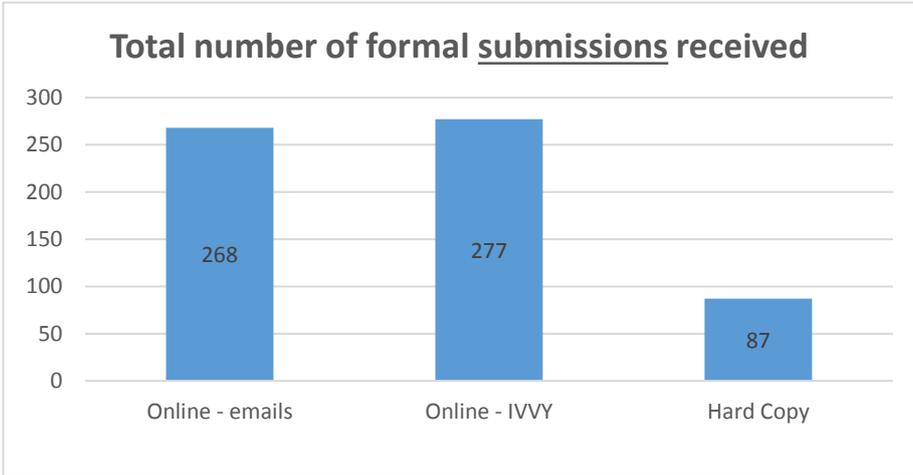
A total of 31 organisations and associations submitted feedback to the consultation on behalf of those members. This table lists those organisations, except those that indicated they wished to remain anonymous.

<b>Industry Association</b>
Abalone Industry Association of Western Australia
Abalone Industry Association of South Australia
Australian Southern Bluefin Tuna Industry Association
Boating Industry Association of Western Australia
Domestic Commercial Vessel Industry Advisory Committee
Fishermen's Portal
Houseboat Hirers Association
International Institute of Marine Surveying
Maritime Industry Australia Ltd
National Aquaculture Council Inc
National Seafood Industry Alliance Inc
Northern Territory Seafood Council
Oysters Tasmania
Pearl Producers Association
Professional Fishermen's Association
Queensland Seafood Industry Association
Seafood Industry Victoria
Shark Bay Prawn Trawler Operators' Association
South Australian Rock Lobster Advisory Council Inc (SARLAC)
Tasmanian Rock Lobster Fishermen's Association
Tasmanian Seafood Industry Council (TSIC)
Western Australia Fishing Industry Council (WAFIC)
Whitsunday Charter Boat Industry Association (WCBIA)
Wildcatch Fisheries South Australia Inc.

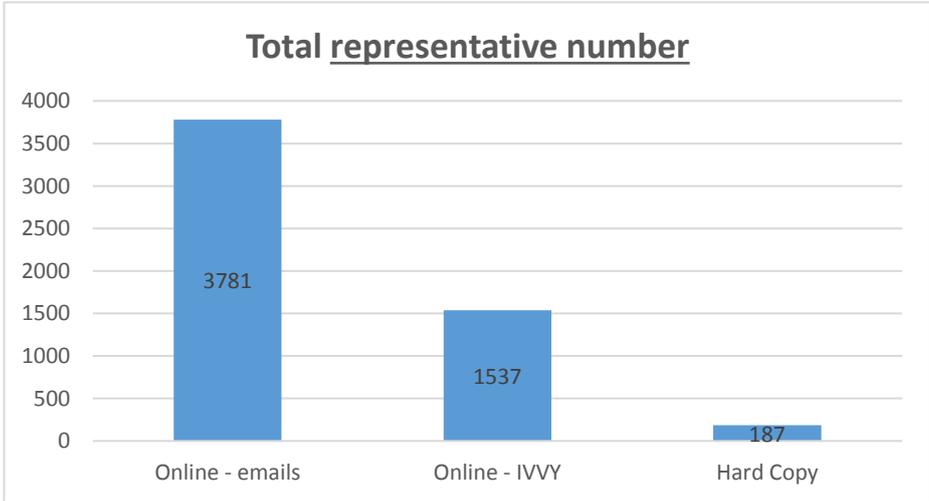


# Appendix Two – Total Responses

Total number of submissions received		
Online – emails	Online – IVVY	Hard Copy
268	277	87



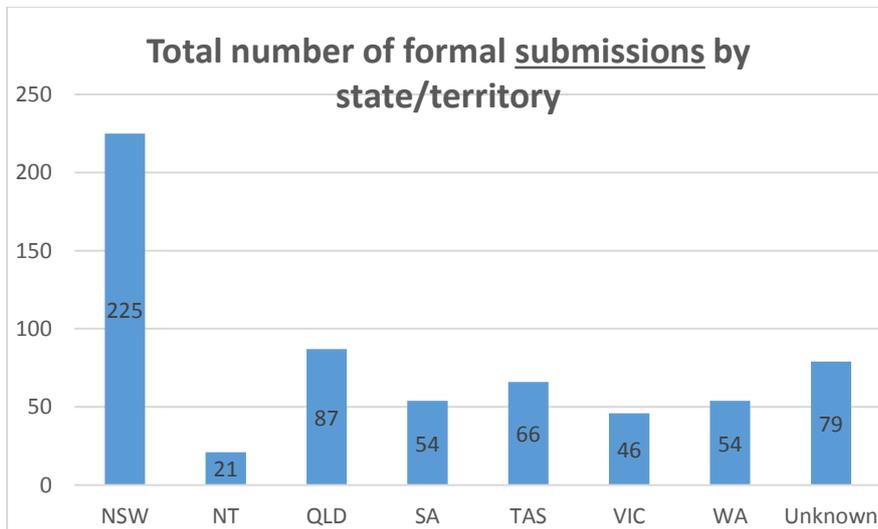
Total <u>representative number</u> of formal submissions received*		
Online – emails	Online – IVVY	Hard Copy
3781	1537	187



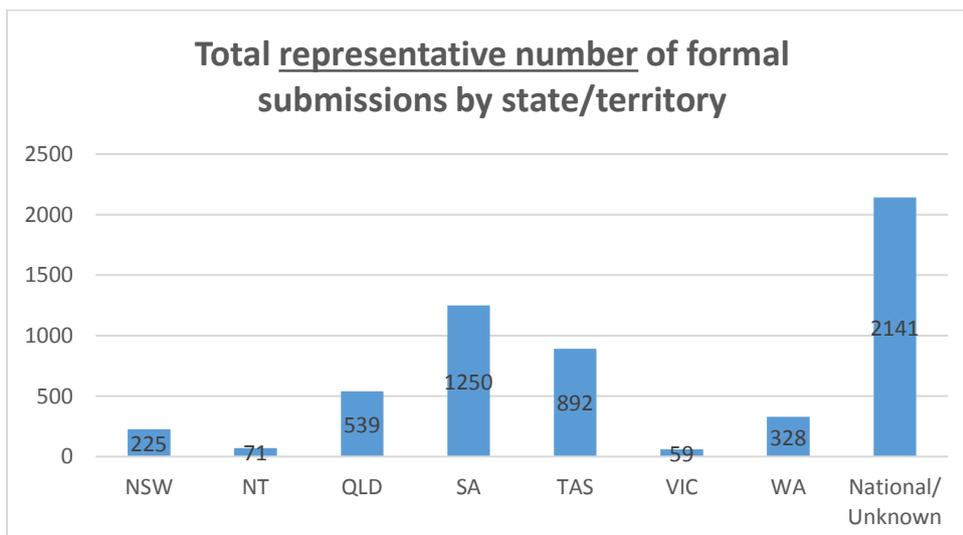
\* "Representative number" refers to the total number of individuals associated with the submission type.

## Appendix Three – Responses by State

Total number of formal <u>submissions</u> by state/territory							
NSW	NT	QLD	SA	TAS	VIC	WA	National/ Unknown
225	21	87	54	66	46	54	79

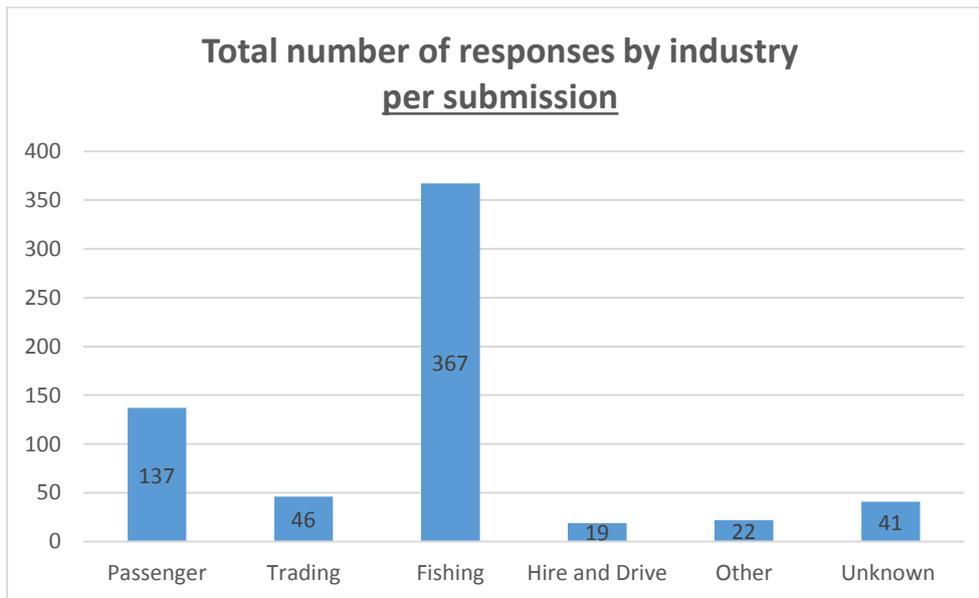


Total <u>representative number</u> of formal submissions by state/territory							
NSW	NT	QLD	SA	TAS	VIC	WA	National/ Unknown
225	71	536	1250	892	59	328	2414

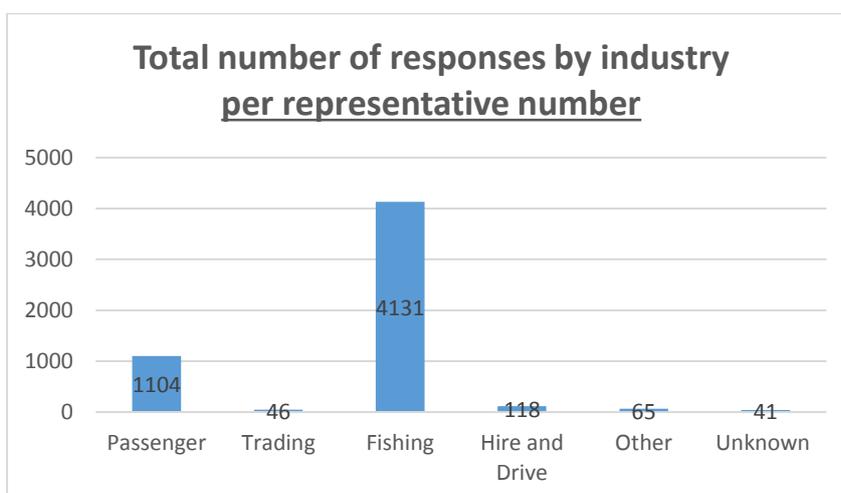


## Appendix Four – Responses by Class

Total number of responses by industry – <u>per submission</u>					
Passenger	Trading	Fishing	Hire & Drive	Other	Unknown
137	46	367	19	22	41



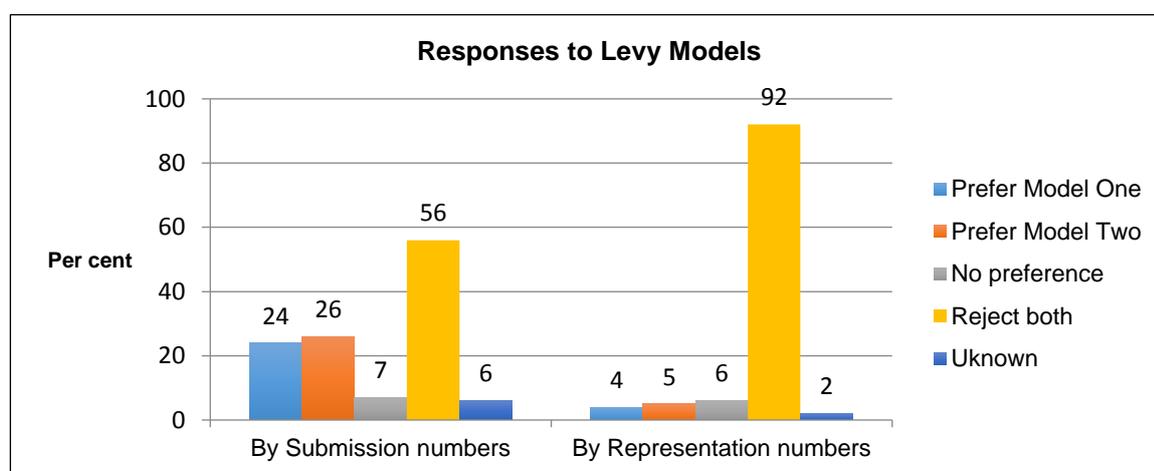
Total number of responses by industry – <u>per representative number</u>					
Passenger	Trading	Fishing	Hire & Drive	Other	Unknown
1104	46	4131	118	65	41



## Appendix Five – Levy Preferences

### *Response to levy models by submission and representation*

RESPONSE TO LEVY MODELS	BY NUMBER OF SUBMISSIONS (632)	BY PEOPLE REPRESENTED (5505)
Prefer Model One	155 (24%)	206 ( 4%)
Prefer Model Two	164 (26%)	1,378 (25%)
No preference	7 ( 1%)	6 ( 1%)
Reject both	351 (56%)	5071 (92%)
Other/no answer	40 ( 6%)	92 ( 2%)

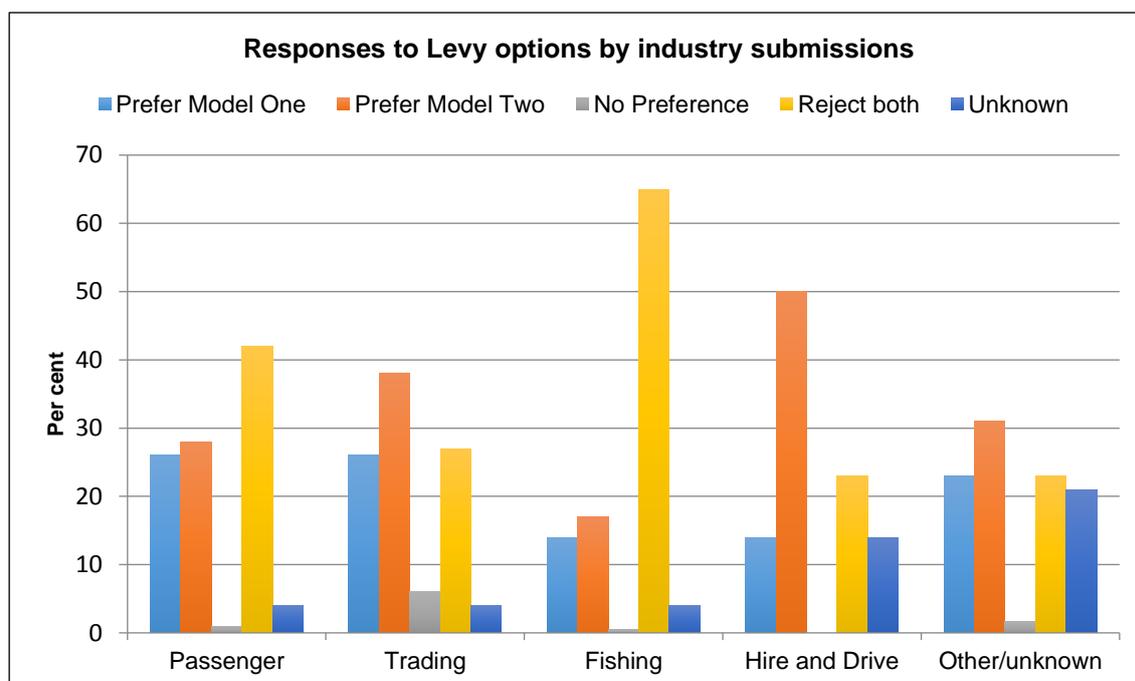


Note: The survey provided only the option to choose between Model One and Model Two – the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models in the comments.

### Response to levy models by industry submissions

Responses to levy options by industry submissions					
	Prefer Model One	Prefer Model Two	No preference	Reject both	Unknown
<b>CLASS 1: PASSENGER</b>	70 (42%)	46 (28%)	1 (0.6%)	44 (26%)	6 (4%)
<b>CLASS 2: TRADING</b>	13 (26%)	19 (38%)	3 (6%)	13 (26%)	2 (4%)
<b>CLASS 3: FISHING</b>	56 (14%)	71 (17%)	1 (0.2%)	266 (65%)	17 (4%)
<b>CLASS 4: HIRE AND DRIVE</b>	3 (14%)	11 (50%)	0	5 (23%)	3 (14%)
<b>OTHER/UNKNOWN</b>	14 (23%)	19 (31%)	1 (1.6%)	14 (23%)	13 (21%)
<b>TOTALS*</b>	<b>156</b>	<b>166</b>	<b>6</b>	<b>352</b>	<b>41</b>

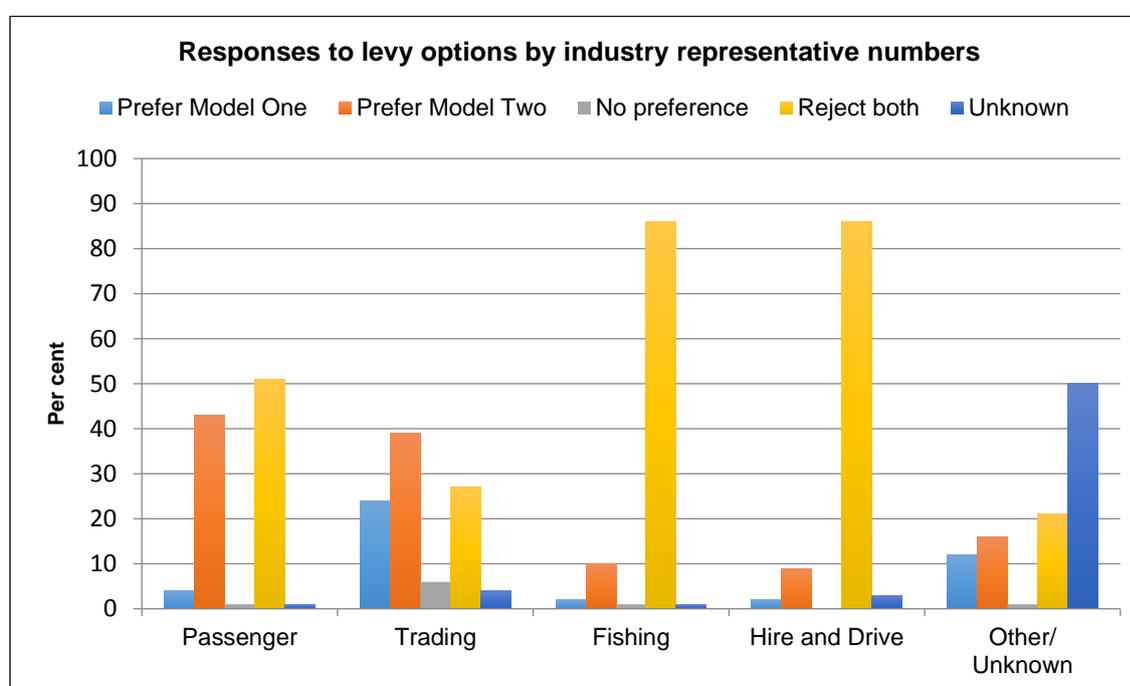
\* Overlapping data means the total number of responses is higher than the total number of submissions.



Note: The survey provided only the option to choose between Model One and Model Two – the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models in the comments.

### Response to levy models by industry representation

Responses to levy options by industry representative numbers					
	Prefer Model One	Prefer Model Two	No preference	Reject both	Unknown
<b>CLASS 1: PASSENGER</b>	69 (4%)	860 (43%)	1 (1%)	1012 (51%)	5 (1%)
<b>CLASS 2: TRADING</b>	12 (24%)	19 (39%)	3 (6%)	13 (27%)	2 (4%)
<b>CLASS 3: FISHING</b>	108 (2%)	469 (10%)	1 (1%)	3918 (86%)	24 (1%)
<b>CLASS 4: HIRE AND DRIVE</b>	3 (2%)	11 (9%)	0	104 (86%)	3 (3%)
<b>OTHER</b>	6 (8%)	7 (10%)	1 (1%)	9 (13%)	47 (68%)
<b>UNKNOWN</b>	8 (17%)	12 (26%)	0	15 (33%)	11 (24%)
<b>TOTALS</b>	<b>206</b>	<b>1378</b>	<b>6</b>	<b>5071</b>	<b>92</b>



Note: The survey provided only the option to choose between Model One and Model Two – the option to reject both levies could only be expressed by selecting one, and noting the rejection of both models in the comments.

## Appendix Six – Information Meetings

Stakeholder information meetings were held in select capital cities and regional locations. They provided additional opportunities for AMSA to explain the levy and charge options, and what they might mean for stakeholders, and they allowed further discussion to assist attendees in developing formal submissions.

Twenty-four information meetings were held in the following locations:

New South Wales	Sydney, Port Macquarie, Tathra, Yamba
Northern Territory	Darwin
South Australia	Adelaide, Mount Gambier, Port Lincoln, Ceduna
Queensland	Brisbane, Gladstone, Townsville, Cairns
Tasmania	Hobart, Launceston
Victoria	Melbourne, Portland and Lakes Entrance
Western Australia	Albany, Fremantle, Karratha, Broome, Geraldton, Kununurra

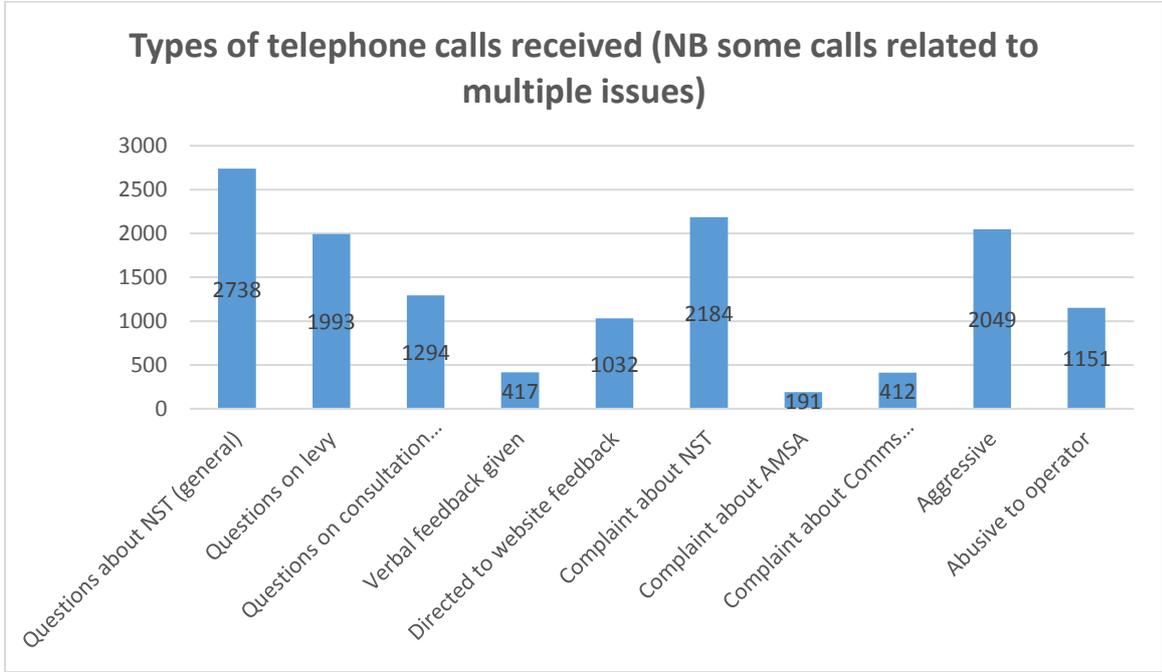
AMSA had subject matter experts at each of the consultation venues to meet with industry and members of the public to explain the changes and answer any questions. Supporting the AMSA team were dedicated community consultation experts from Seftons who assisted in event management, identifying and capturing issues and areas of concern and also ensuring any feedback from the sessions that required follow-up was actioned.

Through these meetings, individuals who did not wish to make formal written submissions on their own had the option of having their comments taken down and submitted by an information officer. Eighty-seven submissions were done in this way.



# Appendix Seven – Telephone Responses

In total 4303 phone calls were received.



[NST refers to National System Transition]



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