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Ms Carolyn Walsh & Mr John Harrison
Review of Domestic Commercial Vessel Safety Legislation
By email: dcvsafetyreview@infrastructure.gov.au

Dear Ms Walsh and Mr Harrison

TASMANIAN GOVERNMENT SUBMISSION TO THE INDEPENDENT REVIEW OF DOMESTIC COMMERCIAL VESSEL SAFETY LEGISLATION (PHASE 2)

Thank you for the opportunity to provide input into the second phase of the Independent Review of Domestic Commercial Vessel (DCV) Safety Legislation (the Review). The Tasmanian Government is pleased to provide further information to support the review panel in preparing its draft report to Government in 2023.

User costs

Tasmania's DCV sector incurs a range of charges recovered by AMSA for fee-based activity, as well as an infrastructure administration fee charged by Marine and Safety Tasmania (MAST).

Prior to the implementation of the National Law, MAST undertook regulatory functions and conducted surveys on commercial vessels in Tasmanian waters. As a Statutory Authority, MAST was required to fully cost recover for the provision of these services and managed fees associated with the exercise of its functions.

MAST regulatory and waterways management fees were set out in state legislation and were consolidated into Annual Registration fee charged to all commercial vessels, based on vessel length. MAST survey fees were charged on a survey specific basis, along with associated travel costs.

By 2017 MAST had transitioned Tasmania to a private surveying model, in preparation for AMSA assuming service delivery of the National Law on 1 July 2018. Since that time MAST has continued to charge an annual infrastructure administration fee to DCVs. This fee reflects the waterways management services that MAST continues to provide in the state for the use of DCVs, including Aids to Navigation, marine radio infrastructure, incident investigation and other waterways management responsibilities.

The annual infrastructure administration fee was reviewed by the Economic Review Unit of the Tasmanian Department of Treasury and Finance prior to implementation.

MAST fees can be found in Schedule 1A of the *Marine and Safety (General) Regulations 2013* (the Regulations) at <https://www.legislation.tas.gov.au/view/html/inforce/current/sr-2013-100#JSIA@EN>. These fees increase annually with CPI.

Australian Government charging policy

Prior to the National Law, MAST was responsible for all DCV operations in Tasmania, which it managed at full cost recovery. During this time MAST adopted all relevant sections of the National Standard for Commercial Vessels (NSCV) as they were approved. The development of the NSCV was undertaken by the National Maritime Safety Committee (NMSC) of which MAST was a member and through which MAST participated in the development of the standards.

The Tasmanian Government considers the level of cost recovery is a matter to be determined between the Australian Government (noting its responsibility for administering and funding the National System) and the DCV sector. It is noted that the guidelines proposed by the charging framework appear to be a fair and reasonable approach that considers the impact of cost recovery, administration cost and impact on policy outcomes.

The Tasmanian Government also notes the challenges of setting a funding approach, or mix of approaches, when the scope of the law is still being considered. Any funding approach must recognise the waterways management obligations placed on states, and the need for states to be able to recover costs associated with managing these waterways from all users, including DCVs.

Structure of the levy

MAST's current annual infrastructure administration fee is based on vessel length. This is undertaken with a high number of price brackets (14 separate fee levels for vessels from 0 – 35m), so there is a very graduated increase with vessel size. This approach to fees for commercial vessels has been in place in Tasmania for over 20 years.

The panel has sought views on how a levy could be structured to better reflect the level of regulatory effort and resources. The Tasmanian Government acknowledges that the relationship between risk, compliance, and financial capacity can be complex, noting that:

- some very high-risk activities, such as offshore oil and gas support vessels, can involve a high level of third party oversight of regulatory compliance, therefore reducing the risk
- other high-risk activities, for example wild catch fishing from dinghies (which represents a high proportion of marine fatalities in Tasmania) has no real third party oversight and therefore regulatory compliance is often very low, increasing the risk
- vessels operating in remote locations can create a high cost of compliance monitoring for the regulator but are often the most marginal financially in terms of cost recovery.

Grandfathering – Industry assistance fund

The Tasmanian Government expects that a range of sectors using DCVs will be affected by changes to grandfathering arrangements, including the fishing and charter vessel industry. However, the impact across the DCV sector will depend on the approach that is taken to winding back existing grandfathering arrangements.

In Tasmania, the NSCV was legislated once new standards were approved. While this approach may reduce the number of vessels in Tasmania that are affected by changes to grandfathering arrangements, the profile of the Tasmanian DCV fleet includes a large number of older vessels (including fishing and smaller charter vessels) that could be affected by changes.

As highlighted in the Tasmanian Government's submission to Phase I of the Review, it is essential that any regulatory changes which might result in the retirement of a large number of DCVs involves a clear management plan for end-of-life vessel disposal. This is necessary to ensure that these vessels do not become sunken derelict wreck vessels with no clear owner responsible for removal and disposal of the vessel. This is especially relevant for larger DCVs where the disposal costs can be significant, especially once a vessel becomes sunken due to being abandoned and neglected.

Economic impacts and resourcing implications

The Tasmanian Government's submission to Phase I noted that if a decision is made to amend the regulatory scope of the National Law, then the effect of either including or excluding a specific type of vessel will result in a change in regulatory responsibility for both the Australian Government and states/territories. This has the potential to significantly impact resourcing requirements for the state and should be subject to consultation, and agreement, between the Australian and state and territory governments.

Thank you for continuing to provide opportunities to provide input to the Review. I look forward to the release of the next draft Report in 2023.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Ferguson', written in a cursive style.

Michael Ferguson MP
Deputy Premier
Minister for Infrastructure and Transport