

# SEAFOOD INDUSTRY AUSTRALIA



**Submission to the Department of  
Infrastructure, Transport, Regional  
Development and Communications,  
Independent Review of Australia's  
Domestic Commercial Vessel Safety  
Legislation, and Costs and  
Charging Arrangements**

**Phase 2, 27 January 2023**

Submitted email: [dcvsafetyreview@infrastructure.gov.au](mailto:dcvsafetyreview@infrastructure.gov.au) on Friday, January 27, 2023.

**ATTN: Independent Review Panel.**

[Seafood Industry Australia](#) (SIA) welcomes the opportunity to make a submission to the Infrastructure, Transport, Regional Development and Communications Independent Review of Australia's Domestic Commercial Vessel Safety Legislation, and Costs and Charging Arrangements. The Review was announced in late 2021, and will consider whether the National System for Domestic Commercial Vessel Safety is fit for purpose, focusing on the capacity of the legislation to support safe vessel operations, minimise regulatory and administrative burden for industry, and transparency. It will also assess the costs and charges associated with the legislation.

SIA is the national peak-body representing the Australian seafood industry as a whole. With members from the wild catch, aquaculture, and postharvest sector, including state, territory and sectorial associations, along with seafood businesses and producers. We are the voice of Australian seafood.

Currently valued at more than \$3.09 billion and directly supporting more than 17,000 Australian families ([ABARES, 2022](#)) and thousands more downstream in logistics and sales, the Australian seafood industry plays a key role securing Australia's food base, creating and maintaining jobs, boosting economic activity, and generating valuable export income for Australia and our rural and regional communities. Australian seafood accounts for 10 per cent of the national agricultural production.

Growth of our industry delivers increased jobs and investment in rural and remote Australia, and puts more than 1.5 billion meals of quality, healthy, sustainable seafood for Australian families and our international neighbours.

SIA provides consumers, Government, and other stakeholders with confident and united representation.

Our mission is to Promote, Protect and Develop the Australian sea food industry on the national and international level. Our unity indicates that we love what we do, we stand by our products, and that our products are the best in the world.

## Our Pledge

We are the Australian seafood industry, and we are committed to putting the best Australian seafood on your table now and for generations to come.

To ensure we do this in ways we are all proud of, we promise to:

- Actively care for Australia's oceans and environment and work with others to do the same;
- Value our people, look after them and keep them safe;
- Respect the seafood we harvest and the wildlife we interact with;
- Be transparent and accountable for our actions;
- Engage with the community and listen to their concerns; and,
- Continually improve our practices.

This is our pledge to you.

## Overview

SIA welcomes the Review and the opportunity to provide feedback on the national approach to improved safety and the Phase 2 component looking at service delivery, costs, and cost recovery of services by the Australian Maritime Safety Authority (AMSA).

SIA recognises that Phase 2 is concentrating on the cost recovery arrangements for AMSA activities and service delivery however acknowledge the opportunity to further comment on Phase 2 pending further information from the Panel in relation to the Phase 1 component of the review. This is consistent with the discussions SIA had with the panel on 12 January 2023 and the fact further consultation will be undertaken on both Phase 1 and Phase 2 during 2023.

It is recognised that the AMSA legislation provides a model for modern administration in that it outsources a legislative obligation and the foundation for ensuring safety and design standards are complied with through the recognition of marine surveyors as independent service providers to industry. This is largely contrary to most services particularly under the previous systems where survey was a key government function and the basis for monitoring of compliance with legislation.

The seafood sector is well acquainted with the concepts and principles for “cost recovery” of government services – this approach is now universally adopted in all fisheries management agencies to varying degrees. Many of the principals utilised in cost recovery for fisheries will support the transition to cost recovery for the Domestic Commercial Vessel (DCV) sector.

In response to Phase 2 consultation guide, the following comments are provided, noting further information will be provided when further information is provided on Phase 1 (and Phase 2) of the review:

**Question 1:** What is the nature of the costs that you (or your DCV sector) incur? This can include for example charges recovered by AMSA for fee-based activity, any relevant jurisdiction-specific fees and charges, accredited marine surveyor costs, etc and can include one-off and regular costs.

- It would be useful if you could provide an indicative estimate of the current annual costs of a DCV operator within your subsector in your jurisdiction.
- It would also be useful if you could provide an indicative estimate of the percentage increase or decrease in these costs since 2017–2018.
- The Panel is also interested in understanding the annual cost for the same/similar services incurred by you (or your DCV sector) under the pre-National regulator state-based system.

SIA has requested information on the nature of costs from stakeholders, however the timing of the consultation has restricted the amount of information that has been provided. Several small operators indicated their core costs to maintain survey requirements had remained reasonably stable from 2017-18 to now, with any increases being consistent with changes in CPI.



SIA is aware that the Western Australian Fishing Industry Council Inc (WAFIC) has sourced information to include in their submission, which highlights the costs of costs to maintain survey for larger vessels in the prawn trawl and tuna aquaculture sectors.

In addition to marine surveyor and other consistent costs, a consistent message which came through from operators was the number of indirect costs operators incurred to ensure a safe operating environment is provided for their employees. These include costs of training, certification and administration, as well as the cost of the time off the water (not fishing) to maintain compliance with safety requirements. Costs of maintenance of engines, steering, winches/hydraulics and electrical components also directly or indirectly link to AMSA survey requirements, adding additional expenses to the core expenses directly related to maintaining survey.

**Question 2:** What are the considerations that you believe should be taken into account in determining whether full or partial recovery of the costs of the National System is appropriate and to determine the level of cost recovery? Please provide examples to support/illustrate your response

**Question 3:** What funding approach or mix of approaches do you believe would best achieve secure and stable resourcing of the National System

Considerations In determining the level of costs to be recovered is a complex question. Clearly under the COAG principles cost allocations should be made where there are clear benefits from that service or activity going to a discrete business, individual or group. Those costs must represent an efficient and effective cost, all too often that is not the case with government services as:

1. They are rarely ever tested against an open market cost – lack of contestability;
2. Levels of staffing are not transparent in relation to the nature of their work (recoverable versus non recoverable);
3. Staffing levels often reflect an agency need for a significant level of stability and certainty for its capacity, regardless of the variability in the work levels;
4. The question of efficiency of services is not regularly measured or tested – agencies largely employ on a fixed classification rather than on a performance based system;
5. The underlying institutional system are not transparent to users and often create inefficiencies by their design through assumptions and expectations of the systems designers.

A scenario that should be considered given the above is that the surveyor or the training institution should issue the necessary certificates, after an “audit process” within AMSA, thus further outsourcing the administrative function. This cost then becomes a contestable costs and providers can be accountable competitively for the process from beginning to end other than the “auditing” process to ensure integrity against the certification standards. Access to the central data base can be provided to accredited certification entities.

A key step is for AMSA and the Department to consult with industry on a detailed and transparent budget. As was outlined in earlier submissions on Phase 1, currently the National Law is over regulated, there

needs large efficiency gains through the removal of unnecessary red tape, i.e. over regulation (remove certificates of operation), removal of the big ship regulation mentality for small vessels, and less prescriptive and more outcome based requirements for things like safety equipment. This will allow AMSA to better utilise staff to focus on supporting the industry when they need assistance as well as to reduce costs through reducing staff if required.

A further step is to clearly outline a Cost Recovery Implementation Statement (CRIS) that highlights the individual areas of the AMSA and who should pay for these areas. For example, the areas that include public good should be funded by the Australian Government. To date the AMSA CRIS has highlighted costs from jurisdictions but not discussed the input from the Australian Government. The range of functions delivered under the National Law as described on Page 2 of the Consultation Aid could form the basis for broadly defining what the recoverable costs based on the functions described, as shown in the table below.

<b>AMSA Function</b>	<b>Cost Recovery Status &amp; Rationale</b>
to make and maintain Marine Orders;	Recoverable under a levy – an essential activity to support the purpose for AMSA for maritime management
to develop and maintain national standards, guidelines and codes of practice relating to marine safety;	Recoverable under a levy – an essential activity to support the purpose for AMSA for maritime management
to issue unique identifiers and certificates and perform other functions in relation to such identifiers and certificates;	Recoverable under a Fee for Service - This fee should reflect the total and real costs of undertaking that activity.
to survey vessels and deal with matters relating to the survey of vessels by accredited surveyors;	Recoverable under a Fee for Service - This fee should reflect the total and real costs of undertaking that activity.
to accredit persons and approve training organisations for the purposes of this Law;	Recoverable under a Fee for Service - This fee should reflect the total and real costs of undertaking that activity.
to undertake investigation, monitoring and enforcement activities under or for the purposes of this Law;	Non recoverable – Commonwealth agency approaches exclude explicit compliance, enforcement and investigation activities for chargeable services. These are core public good services.
to consult appropriate authorities of the States and Territories, and other persons, associations and organisations, on matters related to the activities of the National Regulator;	Non recoverable – These are core public good services.
to collect and distribute information, and provide advice, to the Commonwealth Minister; the States and Territories; and the public on matters related to the activities of the National Regulator and the operation of this Law;	Non recoverable – These are core public good services.
to develop or commission education programs relating to marine safety;	Recoverable under a levy – an essential activity to support the purpose for AMSA for maritime management.

to collect, analyse and disseminate data relating to marine safety.	Non recoverable - These are core public good services, unless they are in response to specific requests for data by an individual or entity in which case it could be recovered as a fee for service.
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The development of a fair and equitable levy model through the development of agreed principles and consultation with industry is important. Fees incorporated into a “levy” are not to be attributed directly to areas of need or activity where there are assessed risks that warrant AMSA intervention. As such, levy costs should be kept to a minimum and apportioned across the for (4) key sub sectors of the DCV fleet. The basis for this apportionment needs to be further developed and negotiated with DVC sector.

Fees to be recovered as “Fees for Service” should be the basis for covering costs that can be attributable to a sector, group or entity that generates that activity. This is core to ensuring an improved culture of vessel safety and compliance and to support the transition to a base standard for all vessels. Those that meet the base standard should be rewarded with reduced activity such as longer times between survey etc., those that do not should bear the burden of the associated activities and costs.

Question 3 raises the issue of “stable” funding, this concept is a key issue for establishing the recoverable costs. Where the nature of the activity across the DCV fleet is variable or fluctuates over time then the funding required should be reflected in that change and the recoverable costs should not ensure a “stable” funding stream but one that reflects the actual needs against the real attributable costs for that service. If stable resourcing is what AMSA is seeking, then it needs to seek public good funding for other than its recoverable client services of the cost associated with greater monitoring/surveys.

<p><b>Question 4:</b> What are the aspects of a vessel or its operations that could form a suitable basis for levy based cost recovery?</p> <p><b>Question 5:</b> Having regard for Finding 1 and Recommendation 1 of the draft Report, how could a potential levy be structured to better reflect the level of regulatory effort and resources directed towards sectors of the DCV industry differentiated on the basis of risk? Are there sectors, or parts of sectors, that should be exempted from any future levy, if so why should they be exempt?</p>
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As discussed above, the levy based fees should where possible be attributable only to the broad non-specific functions of AMSA. Wherever possible funding should be derived from active functions servicing clients through a fee for service approach. As such, there should be no identifiable attribute of a vessel that should be used to attract the “levy” based fees.

The current approach taken as shown in Table 1 – Calculation of Rates of AMSA levies raise concerns at the inequity in the charge rate based on tonnage (NRT) for the Navigation Levy in particular but also for the upper end for the Regulatory Function levy. This approach or one similar that may use length as an alternate measure would not be supported as it is not consistent with moving to a risk based approach.

The fees collected through a levy based model (shared costs) should look to establish a basis for sharing costs across the sectors which more equitably attributes costs. This could be modelled on a range of values such as a relative risk rating for each sector and/or the likelihood and consequences for each sector (based on a prior period) of reported events or reported “non-conforming” surveys.

**Question 6:** What are the industry subsectors most likely to be affected by the proposed winding back of grandfathering arrangements.

**Question 7:** What is the nature of the impacts that these subsectors are likely to experience? For example, survey costs, costs of upgrades to vessels, costs of upgrading crew competencies, difficulties finding crew with requisite competencies etc.

**Question 8:** What form/s of targeted support do you consider would be effective in assisting the DCV fleet impacted by the phased withdrawal of grandfathering arrangements?

Based upon the discussions with the Review Panel on 12 January 2023, this question is difficult to address given the acknowledgement that the term of “grandfathering” and the approach to “grandfathering” was confusing and misinterpreted broadly within the DCV industry. An approach that establishes a base level of conformance across the entire fleet and then offers for progressive improvements/enhancements to upgrade a vessel should mean any impact will be largely minimised.

Costs to be experienced would be in line with the approach of encouraging or incentivising through reduced costs the move to progressive vessel enhancements. Unless the vessel was significantly non-conforming then any costs would reflect the owner’s decision to further improve the workplace by upgrading the standard of the vessel.

The issues and costs associated with crew competencies would and should be addressed by recognition and equivalency of previous certificates of competency to the new certificate standards recently prescribed in the Marine Orders.

Targeted assistance should be provided to support an owner to either bring a non-conforming vessel up to the “base” standard or to replace their vessel with one that can meet that standard. As such, certificates of survey should be able to be transferred with a vessel where it still meets the original standard of construction / survey at the time it was constructed and launched. A grant scheme with conditions on the level of co-funding could be offered from the proposed Industry Assistance Package.

**Question 9:** What are the relevant economic impacts and/or costs or resourcing implications (positive or negative) of any of the recommendations in the draft Report that the Panel should consider?

SIA reinforce the information provided in earlier submissions regarding the support in moving to a risk based regulatory framework approach, as per the recommendation in the draft Phase 1 report. The

extension of this will be to align costs with risk and to incentivise lower costs for operators who are compliant with the legislated requirements. This also aligns to the recommendation to improve operational efficiencies and streamline operations.

Further to the SIA discussions with the Panel on 12 January 2023, undertaking detailed economic modelling of any cost recovery arrangement is requested. As the Panel has indicated they will be undertaking further consultation on Phase 1 of the review, SIA will provide further comments on the relevant economic impacts and costs at this time.

## Thank you

In conclusion, SIA asks the Independent Review Panel to consider the recommendations raised in this submission.

SIA, on behalf of our members and the entire Australian seafood industry, would like to thank you for taking the time to review our submission. I welcome the opportunity to discuss any of our requests with you further and can provide more details if needed.

Finally, I would like to thank you in advance for your support of, and commitment to the future of Australia's seafood industry.

Yours sincerely,



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