



**Australian Government**

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**Department of Infrastructure,  
Regional Development and Cities**

## **COST RECOVERY IMPLEMENTATION STATEMENT**

**[DRAFT – For discussion/consultation only]**

### **Administration of the proposed Road Vehicle Standards Act 2017 and Related Legislation and Related Activities**

**2018-19**

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a regulatory activity. This may include goods, services or regulation, or a combination of them. The Australian Government Charging Framework, which incorporates the Cost Recovery Guidelines (the CRGs)<sup>1</sup>, sets out the framework under which government entities design, implement and review regulatory charging activities.

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<sup>1</sup> The Australian Government Charging Framework and the CRGs are available on the department of Finance website ([www.finance.gov.au](http://www.finance.gov.au)).

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# 1 Introduction

## 1.1 Purpose of the Cost Recovery Implementation Statement

This draft Cost Recovery Implementation Statement (CRIS) provides information on how the Department of Infrastructure and Regional Development (the department) proposes to implement cost recovery arrangements for activities related to the administration of the proposed Road Vehicles Standards Act 2017 (RVSA) and related legislation<sup>2</sup>. Activities include assessing applications, developing standards, conducting investigations and undertaking compliance and enforcement activities. It also reports financial performance information for the administration of the Motor Vehicle Standards Act 1989 (MVSA) and contains financial forecasts for 2018-19 and three forward years.

On 10 February 2016, the Australian Government (the government) announced a number of reforms to the MVSA. The RVSA is intended to replace the MVSA, however, there will be a transitional period of 12 months where provisions of the MVSA will operate in parallel with the RVSA.

This draft CRIS covers proposed cost recovery arrangements under the RVSA only. Charges under the MVSA will not be affected and will continue to be administered under that Act while it remains operational during the transition period.

## 1.2 Description of activities

The department will administer the RVSA and related legislation. This legislation establishes the framework for the regulation of new and used vehicles to the point where they are first supplied to the market in Australia. In particular, the RVSA controls the safety, environmental, and anti-theft performance of all vehicles entering the market. Through administering this legislation, the department helps ensure that vehicles meet minimum safety and environmental standards that maintain the safest possible environment for all road users and the community more broadly. Activities undertaken and services offered by the department in this role include certification (including processing of applications), managing concessional and discretionary arrangements, undertaking investigations and enforcing compliance with the requirements of the RVSA, including with the Australian Design Rules (ADRs).

Additionally, the department carries out safety investigations and monitors vehicle recalls on behalf of the Australian Competition and Consumer Commission. The RVSA will mirror safety recall provisions in the Australian Consumer Law, and will apply to all road vehicles, including commercial vehicles.

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<sup>2</sup> On 13 December 2017, the government released exposure drafts of the Road Vehicle Standards package of legislation that comprises five draft bills and three explanatory memoranda, which explain the content of the bills. The government also released an exposure draft of the Road Vehicle Standards Rules (which will be the regulations under the Road Vehicles Standards Act). The draft rules will assist in the understanding of the overall legislative package and will provide information and consideration of all stakeholders. These are available on the Department of Infrastructure and Regional Development website.

The cost recovered regulatory activities that are expected to be undertaken by the department through its administration of the RVSA are summarised in **Table 1**.

**Table 1 – Cost recovered regulatory activities**

No.	Regulatory service	Description
1.	Register of Approved Vehicles (RAV)	Every road vehicle used, or to be used, on a public road must be entered on the RAV via the applicable entry pathway for the vehicle.
2.	Type approvals	Assessment of applications from persons seeking to enter road vehicles on the RAV via the type approval pathway, including ongoing administration, compliance monitoring and enforcement, and inspections of design and manufacturing premises.
3.	Concessional RAV entry approvals	Assessment of applications from persons seeking to enter road vehicles on the RAV via a concessional entry pathway, including ongoing administration, compliance monitoring and enforcement, inspections of vehicles and grant of import approvals.
4.	Registered automotive workshop (RAW) approvals	Assessment of applications from persons seeking approvals as a registered automotive workshop, including ongoing administration, compliance monitoring and enforcement, and inspections of premises.
5.	Model report approvals	Assessment of applications from persons seeking approvals for model reports, including ongoing administration, compliance monitoring and enforcement, and inspections of vehicles and premises.
6.	Authorised vehicle verifier (AVV) approvals	Assessment of applications from corporations seeking approvals as an authorised vehicle verifier, including ongoing administration and compliance monitoring and enforcement.
7.	Testing facility approvals	Assessment of applications from persons seeking approvals to test road vehicles and/or road vehicle components against specified national standards at testing facilities, including ongoing administration, compliance monitoring and enforcement, and inspections of premises.
8.	Specialist and Enthusiast Vehicles (SEVs) Register	Assessment of applications from persons seeking approvals to enter road vehicles on the SEVs Register.
9.	Non-RAV entry import approvals	Assessment of applications from persons seeking approvals to import road vehicles not intended for use on public roads or road vehicles that will only remain in Australia temporarily.
10.	Reimportation import approvals	Assessment of applications from persons seeking to import road vehicles that have previously been on the RAV or had an ID plate placed on the vehicle in accordance with the MVSA.
11.	Road vehicle component type approvals	Assessment of applications from persons seeking approvals to use road vehicle components of particular types in the manufacture of road vehicles, including ongoing administration, compliance monitoring and enforcement, and inspections of design and manufacturing premises.

The government policy in relation to regulatory charging is:

“Where specific demand for a government activity is created by identifiable individuals or groups, they should be charged for it unless the government has decided to fund that activity. Where it is appropriate for the Australian government to participate in an activity, it should fully utilise and maintain public resources, through appropriate charging. The application of charging should not, however, adversely impact disadvantaged Australians.<sup>3</sup>”

Further, the Australian Government Charging Framework states that:

“The Australian Government may charge the non-government sector for a specific government activity, such as the provision of goods, services or regulation, or a combination of these. Charging for government activities can:

- promote equity, whereby the recipients who create the need for a government activity, rather than the general public, bear its costs
- influence demand for government activities
- improve the efficiency, productivity and responsiveness of government activities and accountability for those activities
- increase cost consciousness for all stakeholders by raising awareness of how much a government activity costs”

In accordance with this policy, the department will charge relevant stakeholders (see section 1.4 – Who will pay the cost recovery charges) for the cost of undertaking the regulatory activities listed above, as well as for the cost of undertaking additional activities related to the effective regulation of road vehicles supplied to the Australian market. These activities include the development of standards, activities to monitor and enforce compliance with these standards, and conducting recalls if required. The charges are necessary to ensure that the government continues to be able to meet its key policy objective that vehicles supplied to the market in Australia deliver the safety, environmental, and theft prevention outcomes expected by the community through compliance with nationally consistent performance based standards.

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<sup>3</sup> Australian Government Charging Framework, Resource Management Guide No. 302, July 2015 (see [www.finance.gov.au/resource-management/charging-framework/charging-framework/](http://www.finance.gov.au/resource-management/charging-framework/charging-framework/)).

### **1.3 Why cost recovery is appropriate**

Cost recovery fees and levies fall within the government's broader charging framework. Other charges in this framework include commercial charges and resource charges. The type of charge is determined by the characteristics of the activities.

The use of commercial charging is not appropriate as this approach relies on competitive markets. While some regulatory activities can be undertaken by the private sector, the government must regulate the importation of road vehicles due to constitutional requirements. Resource charging is not appropriate because the regulatory activities undertaken by the department are not based on the value of the service or activity to the recipient.

The only viable alternative to funding the administration of the RVSA is through consolidated revenue (general taxation). In most circumstances, general taxation is only appropriate for activities that benefit the wider community. The majority of RVSA activities benefit a clearly identifiable group—individuals and organisations that participate in the import and supply of road vehicles. If it were not for the business activities of this group, much of the road vehicle related activities would not be required.

There are additional benefits to funding these activities through cost recovery. When a business pays for the activities it receives, the government has an obligation to justify the prices it charges. Cost recovery also increases the cost consciousness of clients of how much a government activity actually costs.

For these reasons, the government has determined cost recovery to be the most appropriate mechanism for funding the administration of the RVSA. The department has designed the cost recovery to be consistent with the Australian Government Cost Recovery Guidelines (CRGs). These provide the overarching framework under which government entities must design, implement and review cost recovery.

## 1.4 Who will pay the cost recovery charges

The primary stakeholders who will be subject to cost recovery charges are summarised in **Table 2**. It is expected that cost recovery charges will be passed on to consumers/purchasers of vehicles.

**Table 2 – Key stakeholders**

No.	Payee	Description	Volumes
1.	Type approval holders	Most road vehicles are imported by type approval holders that invest extensively in research and development to ensure every vehicle produced meet minimum safety standards, maintaining the safest possible environment for all road users and the community.	4,776 <sup>4</sup>
2.	Importers	Individuals and corporations can apply to import vehicles under various import options.	16,480 <sup>5</sup>
3.	Registered automotive workshops (RAWs)	Approved Australian proprietary limited corporations, known as RAWs, may import, modify and supply a range of specialist and enthusiast vehicles on behalf of individuals.	130 <sup>6</sup>
4.	Model report authors	Model report authors can sell approved model reports to RAWs and/or heavy trailer manufacturers. Work instructions in the reports will be used to modify RAWs vehicles and some heavy trailers to ensure compliance with relevant standards. Model reports will also include a checklist that can be used by AVVs when performing vehicle inspections.	10
5.	Authorised vehicle verifiers (AVVs)	AVVs will perform independent inspections on some vehicles before they are supplied to the market. AVVs will charge market rates for their services.	50
6.	Testing facilities	Approved testing facilities can carry out testing of road vehicles and/or road vehicle components against specified national standards.	
7.	Specialist and Enthusiast Vehicles (SEVs) applicants	Road vehicles that have been approved for entry on the SEVs Register are eligible to be entered on the RAV via the concessional RAV entry pathway.	50

<sup>4</sup> Active and registered type approval holders sourced from Road Vehicle Certification System on 30 June 2017.

<sup>5</sup> Volume of import applications, excluding new vehicles and RAWs vehicle applications, sourced from 2016-17 actuals.

<sup>6</sup> Number of RAWs participants as at 30 June 2017; sourced from RAWs website (<http://raws.infrastructure.gov.au/rawswebpublic/RAWPubSearch.asp#results>).

## 2 Policy and Statutory Authority to Cost Recover

### 2.1 Government policy approval to cost recover

The department has recovered the costs of administering the MVSA since it took effect. The Financial Impact Statement of the Explanatory Memorandum<sup>7</sup> for the Motor Vehicle Standards Bill 1989 noted that ‘these costs are recovered from vehicle manufacturers and importers’.

The policy authority for continued cost recovery of regulatory activities associated with administering the RVSA was confirmed as part of the government’s decision on the reforms of road vehicle standards regulation announced in February 2016.

The department has redesigned its cost recovery arrangements to ensure that they are equitable, financially sustainable and support the efficient and effective administration of the RVSA into the future.

### 2.2 Statutory authority to charge

Five separate bills will provide the statutory framework for the imposition and collection of the road vehicle standards cost recovery fees and charges:

- The Road Vehicle Standards Bill 2017 – provides for the imposition of *fees* in relation to activities undertaken by the Department in administering the RVSA
- The Road Vehicle Standards Charges (Imposition – General) Bill 2017, the Road Vehicle Standards Charges (Imposition – Customs) Bill 2017 and the Road Vehicle Standards Charges (Imposition – Excise) Bill 2017 – provide for the imposition of *levies* in relation to the administration of the RVSA
- The Road Vehicle Standards Bill and the Road Vehicle Standards (Transitional and Consequential Amendments) Bill 2017 – provide for the collection of the fees and charges imposed

The bills do not contain amounts of charges, which will be prescribed in rules and regulations made under the relevant primary legislation following consultation with stakeholders.

Further information about the statutory framework for cost recovery for the RVSA is included in the exposure draft explanatory memorandums for the Road Vehicle Standards Charges Bills.

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<sup>7</sup> <http://www.aph.gov.au/binaries/library/pubs/explanmem/docs/motorvehiclestandardsbill.pdf>



### **2.2.1 Cost recovery fees**

The RVS Bill enables the imposition of fees for activities related to the administration of the RVSA. The specific amounts will be set out in the Road Vehicle Standards Rules 2017 (the rules) made under the RVSA. Amounts that are expected to be set out in the rules include fees in relation to:

- entry on the RAV
- applications for a road vehicle type approval
- applications for a road vehicle type approval variation
- applications for a concessional RAV entry approval
- applications for a RAW approval
- applications for approval of a model report
- applications for variation of an approved model report
- applications for an AVV approval
- applications for a testing facility approval
- applications for entry of a road vehicle on the SEVs Register
- applications for a non-RAV entry import approval
- applications for a reimportation import approval
- applications for a road vehicle component type approval
- applications for a certificate that a thing is not a road vehicle

### **2.2.2 Cost recovery levies**

The Road Vehicle Standards Charges (Imposition – General) Bill 2017, the Road Vehicle Standards Charges (Imposition – Customs) Bill 2017 and the Road Vehicle Standards Charges (Imposition – Excise) Bill 2017 enable the imposition of cost recovery levies for activities related to the administration of the RVSA. The specific amounts will be set out in regulations made under each Charges Act. Amounts that are expected to be set out in the regulations include levies in relation to:

- entry on the RAV
- applications for a road vehicle type approval
- applications for a concessional RAV entry approval
- applications for a RAW approval
- applications for approval of a model report
- applications for an AVV approval
- applications for a testing facility approval
- applications for a non-RAV entry import approval
- applications for a reimportation import approval
- applications for a road vehicle component type approval
- applications for a certificate that a thing is not a road vehicle

## 3 Cost Recovery Model

### 3.1 Outputs and business processes of the regulatory services

There are a number of RVSA activities that will trigger the application of cost recovery charges. This draft CRIS presents two charging framework options to recover the costs of administering the RVSA for stakeholder discussion and consultation.

Costs can broadly be separated into two distinct categories – ‘pre-approval’ (the cost of assessing applications) and ‘post-approval’ (all other costs, including compliance and enforcement activities, development of standards, conducting recalls, etc).

#### Option 1 – RAV Entry Charge + Application Fees

Under this option, applicants seeking approvals will only be charged the pre-approval cost of assessing that application. This will usually be in the form of an application fee that is imposed at the time of application. All post-approval costs will be amortised through RAV entry charges. In most cases, RAV entry charges will be imposed in arrears on a monthly basis.

#### *Entry on the RAV*

All road vehicles approved for use on a public road must be entered on the RAV. A charge will apply to every road vehicle entered on the RAV. RAV entry charges will be a combination of a fee and a levy, but it is proposed that this will be charged as a single levy per vehicle. There will be two separate RAV entry pathways:

- Type approval pathway – road vehicles that satisfy the requirements for the type approval pathway are entered on the RAV via this pathway. A charge will apply to every road vehicle entered on the RAV via this pathway, which will be payable in arrears. The department will issue invoices to type approval holders on a monthly basis. The fee component of the total charge will contribute to recovering the costs of operating and maintaining the RAV, and the levy component will contribute to recovering the costs of related compliance and enforcement activities undertaken by the department, including the development of national standards. The proposed charge is estimated to be between \$4.00 and \$5.00 per vehicle.
- Concessional RAV entry approval pathway – road vehicles that satisfy the requirements for the concessional RAV entry approval pathway are entered on the RAV via this pathway. A charge will apply to every road vehicle entered on the RAV, which will be imposed at the time of application for a concessional RAV entry approval (the concessional RAV entry charge will be incorporated into the application charge for concessional RAV entry approval – see below for further detail). The fee component of the RAV entry charge will contribute to recovering the costs of operating and maintaining the RAV, and the levy component will contribute to recovering the costs of related compliance and enforcement activities undertaken by the department. The proposed charge is estimated to be between \$4.00 and \$5.00 per vehicle.

### *Applications for a road vehicle type approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. Application fees will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be five separate road vehicle type approval application categories:

- Non-IWVTA type approval – the proposed application fee is estimated to be between \$1,750 and \$2,000.
- IWVTA type approval – the proposed application fee is estimated to be between \$700 and \$850.
- Heavy trailer type approval (without model report) – the proposed application fee is estimated to be between \$650 and \$900.
- Heavy trailer type approval (with model report) – the proposed application fee is estimated to be between \$250 and \$400.
- Light trailer type approval – the proposed application fee is estimated to be between \$80 and \$120.

Road vehicle type approvals will expire after a period of five years, unless revoked earlier.

### *Applications for a road vehicle type approval variation*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate road vehicle type approval variation application categories:

- All type approval variations, except trailers – the proposed application fee is estimated to be between \$400 and \$550.
- Heavy trailer type approval variations – the proposed application fee is estimated to be between \$180 and \$280.

#### *Applications for a concessional RAV entry approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of an application fee and a RAV entry charge. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The RAV entry charge component will contribute to recovering the costs of operating and maintaining the RAV, as well as the costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application charge for a concessional RAV entry approval is estimated to be between \$70 and \$100.

#### *Applications for a RAW approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a RAW approval is estimated to be between \$650 and \$800.

RAW approvals will expire after a period of two years, unless revoked earlier.

#### *Applications for approval of a model report*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate categories of application for approval of a model report:

- All model reports, except those relating to trailers (including road vehicles that have been entered on the SEVs Register, used two-wheeled or used three-wheeled vehicles, and road vehicles that have been entered on the RAV via the type approval

pathway and have been, or will be, subject to second stage manufacture) – the proposed application fee is estimated to be between \$1,200 and \$1,500.

- Heavy trailer model reports – the proposed application fee is estimated to be between \$500 and \$750.

#### *Applications for variation of an approved model report*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate variation of an approved model report application categories:

- Variation of all model reports, except those relating to trailers (including road vehicles that have been entered on the SEVs Register, used two-wheeled or used three-wheeled vehicles, and road vehicles that have been entered on the RAV via the type approval pathway and have been, or will be, subject to second stage manufacture) – the proposed application fee is estimated to be between \$1,000 and \$1,200.
- Variation of heavy trailer model reports – the proposed application fee is estimated to be between \$180 and \$280.

#### *Applications for an AVV approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant technology and equipment may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for an AVV approval is estimated to be between \$850 and \$1,100.

AVV approvals will expire after a period of two years, unless revoked earlier.

#### *Applications for a testing facility approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a testing facility approval is estimated to be between \$400 and \$550.

Testing facility approvals will expire after a period of five years, unless revoked earlier.

#### *Applications for entry of a road vehicle on the SEVs Register*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for entry of a road vehicle on the SEVs Register is estimated to be between \$680 and \$800.

#### *Applications for a non-RAV entry import approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a non-RAV entry import approval is estimated to be between \$70 and \$100.

#### *Applications for a re-importation import approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a re-importation import approval is estimated to be between \$70 and \$100.

### *Applications for a road vehicle component type approval*

Applications must be accompanied by payment of the relevant application fee or charge, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a road vehicle component type approval is estimated to be between \$450 and \$600.

Road vehicle component type approvals will expire after a period of five years, unless revoked earlier.

### *Applications for a certificate that a thing is not a road vehicle*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. The fee application will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness. Applications will then be assessed and a decision on whether to issue a certificate or not will be made.

- The proposed application fee for a certificate that a thing is not a road vehicle is estimated to be between \$70 and \$100.

The revenue recovered from these charges contributes to Programme 2.3 performance criteria in the department's 2017-18 Portfolio Budget Statements.

Additional outputs that will be recovered by the activities above include the development of standards, development and maintenance of guidance material, customer assistance, IT development costs, audit and compliance activities, the administration of vehicle recalls and safety investigations, and internal quality assurance and audit activities.

### **Option 2 – RAV Entry Charge + Application Fees + Levies**

Under this option, applicants seeking approvals will be charged both the pre-approval cost of assessing that application and the post-approval costs associated with that application type. This will usually be in the form of an application charge comprised of an application fee and a levy that is imposed at the time of application. In some cases, the post-approval levy component will only be charged if the application is successful. All vehicles entered on the RAV will also attract a RAV entry charge. In most cases, RAV entry charges will be imposed in arrears on a monthly basis.

### *Entry on the RAV*

All road vehicles approved for use on a public road must be entered on the RAV. A charge will apply to every road vehicle entered on the RAV. RAV entry charges will be a combination of a fee and a levy, but it is proposed that this will be charged as a single levy per vehicle. There will be two separate RAV entry pathways:

- Type approval pathway – road vehicles that satisfy the requirements for the type approval pathway are entered on the RAV via this pathway. A charge will apply to every road vehicle entered on the RAV via this pathway, which will be payable in arrears. The department will issue invoices to type approval holders on a monthly basis. The fee component of the total charge will contribute to recovering the costs of operating and maintaining the RAV, and the levy component will contribute to recovering the costs of related compliance and enforcement activities undertaken by the department, including the development of national standards. The proposed charge is estimated to be between \$2.60 and \$3.50 per vehicle.
- Concessional RAV entry approval pathway – road vehicles that satisfy the requirements for the concessional RAV entry approval pathway are entered on the RAV via this pathway. A charge will apply to every road vehicle entered on the RAV, which will be imposed at the time of application for a concessional RAV entry approval (the concessional RAV entry charge will be incorporated into the application charge for concessional RAV entry approval – see below for further detail). The fee component of the RAV entry charge will contribute to recovering the costs of operating and maintaining the RAV, and the levy component will contribute to recovering the costs of related compliance and enforcement activities undertaken by the department. The proposed charge is estimated to be between \$2.60 and \$3.50 per vehicle.

### *Applications for a road vehicle type approval*

Applications must be accompanied by payment of the relevant application fee or charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee and a levy, except for non-International Whole Vehicle Type Approval (IWVTA) applications. In all cases, except for non-IWVTA applications, it is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of related activities undertaken by the department, including monitoring, enforcement and compliance activities, and the development of national standards.

In the case of non-IWVTA applications, it is proposed that only a fee will be charged at the point of application – this will recover the pre-approval costs of assessing the application. If a non-IWVTA application is successful, it is proposed that a levy will be payable prior to an approval being granted – this will contribute to recovering the post-approval costs of related activities undertaken by the department.



Once lodged, applications will be checked for completeness and additional information and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be five separate road vehicle type approval application categories:

- Non-IWVTA type approval – this is the only category of road vehicle type approval application where it is proposed to separate the pre-approval (fee) and post-approval (levy) charges. The proposed application fee is estimated to be between \$1,750 and \$2,000. If the application is successful, the proposed levy is estimated to be between \$3,000 and \$3,500.
- IWVTA type approval – the proposed application charge is estimated to be between \$700 and \$850.
- Heavy trailer type approval (without model report) – the proposed application charge is estimated to be between \$2,300 and \$2,600.
- Heavy trailer type approval (with model report) – the proposed application charge is estimated to be between \$750 and \$1,200.
- Light trailer type approval – the proposed application charge is estimated to be between \$220 and \$350.

Road vehicle type approvals will expire after a period of five years, unless revoked earlier.

#### *Applications for a road vehicle type approval variation*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications. No levy is payable for this application type.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate road vehicle type approval variation application categories:

- All type approval variations, except trailers – the proposed application fee is estimated to be between \$400 and \$550.
- Heavy trailer type approval variations – the proposed application fee is estimated to be between \$180 and \$280.

#### *Applications for a concessional RAV entry approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee, a levy and a RAV entry charge. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of related compliance and enforcement activities undertaken by the department. The RAV entry charge component will contribute to recovering the costs of operating and maintaining the RAV, as well as the costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application charge for a concessional RAV entry approval is estimated to be between \$80 and \$120.

#### *Applications for a RAW approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

If an application is successful, it is proposed that a levy will be payable prior to an approval being granted. The levy will contribute to recovering the post-approval costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a RAW approval is estimated to be between \$650 and \$800.
- If the application is successful, the proposed levy is estimated to be between \$1,100 and \$1,400.

RAW approvals will expire after a period of two years, unless revoked earlier.

#### *Applications for approval of a model report*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

If an application is successful, it is proposed that a levy will be payable prior to an approval being granted. The levy will contribute to recovering the post-approval costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate approval of a model report application categories:

- All model reports, except those relating to trailers (including road vehicles that have been entered on the SEVs Register, used two-wheeled or used three-wheeled vehicles, and road vehicles that have been entered on the RAV via the type approval pathway and have been, or will be, subject to second stage manufacture):
  - the proposed application fee is estimated to be between \$1,200 and \$1,500.
  - If the application is successful, the proposed levy is estimated to be between \$2,400 and \$2,700.
- Heavy trailer model reports:
  - the proposed application fee is estimated to be between \$500 and \$750.
  - If the application is successful, the proposed levy is estimated to be between \$950 and \$1,200.

#### *Applications for variation of an approved model report*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications. No levy is payable for this application type.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

There will be two separate variation of an approved model report application categories:

- Variation of all model reports, except those relating to trailers (including road vehicles that have been entered on the SEVs Register, used two-wheeled or used three-wheeled vehicles, and road vehicles that have been entered on the RAV via the type approval pathway and have been, or will be, subject to second stage manufacture) – the proposed application fee is estimated to be between \$1,000 and \$1,200.
- Variation of heavy trailer model reports – the proposed application fee is estimated to be between \$180 and \$280.

#### *Applications for an AVV approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

If an application is successful, it is proposed that a levy will be payable prior to an approval being granted. The levy will contribute to recovering the post-approval costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant technology and equipment may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for an AVV approval is estimated to be between \$850 and \$1,100.
- If the application is successful, the proposed levy is estimated to be between \$1,400 and \$1,600.

AVV approvals will expire after a period of two years, unless revoked earlier.

#### *Applications for a testing facility approval*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

If an application is successful, it is proposed that a levy will be payable prior to an approval being granted. The levy will contribute to recovering the post-approval costs of related compliance and enforcement activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of relevant premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for a testing facility approval is estimated to be between \$400 and \$550.
- If the application is successful, the proposed levy is estimated to be between \$900 and \$1,200.

Testing facility approvals will expire after a period of five years, unless revoked earlier.

#### *Applications for entry of a road vehicle on the SEVs Register*

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications. No levy is payable for this application type.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application fee for entry of a road vehicle on the SEVs Register is estimated to be between \$680 and \$800.

#### *Applications for a non-RAV entry import approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee and a levy. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of internal quality assurance and audit activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application charge for a non-RAV entry import approval is estimated to be between \$80 and \$120.

#### *Applications for a re-importation import approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee and a levy. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of internal quality assurance and audit activities undertaken by the department.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application charge for a re-importation import approval is estimated to be between \$80 and \$120.

#### *Applications for a road vehicle component type approval*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee and a levy. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of related activities undertaken by the department, including monitoring, enforcement and compliance activities, and the development of national standards.

Once lodged, applications will be checked for completeness and additional information and/or an inspection of design and/or manufacturing premises may be requested. Applications will then be assessed and a decision made to grant or refuse approval.

- The proposed application charge for a road vehicle component type approval is estimated to be between \$650 and \$750.

Road vehicle component type approvals will expire after a period of five years, unless revoked earlier.

#### *Applications for a certificate that a thing is not a road vehicle*

Applications must be accompanied by payment of the relevant application charge, which will be imposed at the time of application. Applications will not be considered until payment is received. Application charges will be a combination of a fee and a levy. It is proposed that this will be charged as a single levy at the point of application. The fee component will recover the pre-approval costs of assessing the applications. The levy component will contribute to recovering the post-approval costs of internal quality assurance and audit activities undertaken by the department.

Once lodged, applications will be checked for completeness. Applications will then be assessed and a decision on whether to issue a certificate or not will be made.

- The proposed application charge for a certificate that a thing is not a road vehicle is estimated to be between \$80 and \$120.

## **3.2 Costs of the services**

### **3.2.1 Cost drivers and key assumptions**

#### **Cost drivers**

As a service-based regulator, the key cost driver for the administration of the RVSA and related legislation is the level of activity undertaken by the department to effectively regulate the supply of vehicles to the Australian market. In turn, this cost is driven by the capabilities and skills required to undertake the required activities. In addition to the assessment of applications outlined above, activities include the development and harmonisation of national road vehicle standards; monitoring, compliance and enforcement activities (including conducting external audits, and workshop and vehicle inspections); internal quality assurance and audit activities; and conducting vehicle recalls and safety investigations. These activities are driven by industry expectations that the department will maintain ADRs and align them with international standards, and take actions to ensure that road vehicles comply with these standards. Vehicle recalls and safety investigations can create large spikes in workload, with recent examples of these being the Takata airbag and diesel emissions issues.

The department uses an internal cost allocation model to assign both direct and indirect costs to RVSA-related activities. Direct costs (including employee and supplier costs) represent the cost of areas identified as undertaking application assessment activities and are allocated

based on departmental estimates of the resources required to perform each function. Indirect costs include costs of corporate functions and property operating expenses, and are allocated to activities using designated cost drivers (e.g. FTE).

### **Assumptions**

The assumptions within the cost recovery model include:

1. Volumes of vehicles supplied to the market and entered on the RAV are consistent and continue to grow at a similar rate (1-2%).
2. Wage increases are based on negotiated enterprise agreements – these are renegotiated every three years but are not expected to vary significantly.

### **3.2.2 Sensitivity of cost estimates to changes in assumptions**

The cost estimates for the regulatory services are predominantly based on staff effort and reflect consistent and expected demand for the importation of vehicles. The level of demand can vary on an annual basis depending on various economic factors, over which the department has no control. The department will regularly review activity against expected volumes and adjust its workforce as required.

The department forecasts the expected level of services as part of its annual budgeting processes, based on its understanding of these economic factors and through its ongoing communications with vehicle manufacturers and importers.

### **3.2.3 Resources included in the costs**

Costs include:

- employee-related costs
- contractors
- supplier expenditure (including travel and office expenses)
- corporate overheads (including property operating expenditure, desktop information and communication technology services, organisational services, human resources, staff training and development, and workers' compensation)

### **3.2.4 Allocation of costs to outputs**

The basis for the allocation is summarised in **Table 3**, which summarises the primary cost drivers and rules applied in the cost recovery model for each cost type (direct, indirect, and overheads).

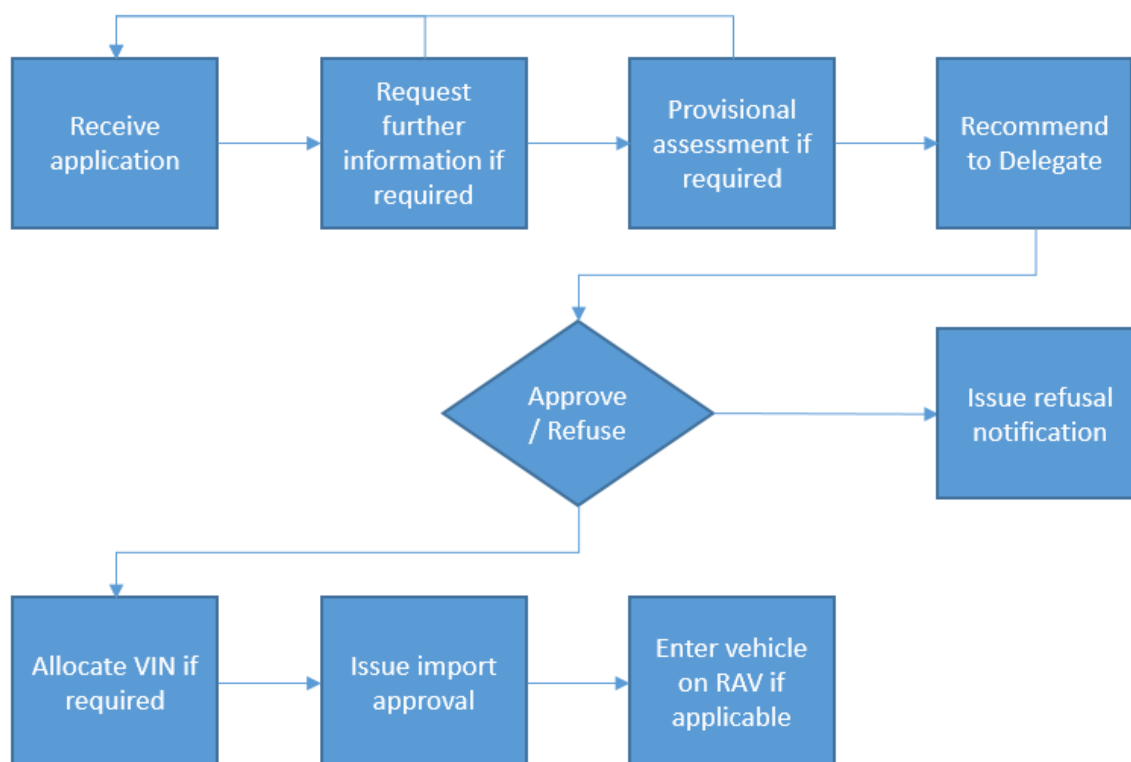
**Table 3 – Cost drivers and rules for each cost type**

Cost type	Primary driver to outputs	Rule
Direct	Estimated effort relating to each activity	Chargeable processes are attributed directly to regulatory services (outputs) based on effort and volume weighting
Indirect	Estimated proportion (percentage) of direct costs	Allocated to regulatory services based on the proportion of the direct cost allocations
Overheads (a subset of indirect costs)	FTE	The department's Corporate Division provides an overhead rate to apply to each cost recovery service to cover overheads based on the number of FTE

### 3.2.5 Relationship of charges to costs outputs/business processes

The department has applied an activity-based costing (ABC) methodology for the assignment and allocation of direct, indirect and overhead costs in relation to the administration of the RVSA and rules. In accordance with ABC, input costs are directly allocated to services based on estimated consumption.

As an example, indicative steps required to assess an import application are outlined below.



### 3.2.6 Categories of capital costs included in outputs/business processes

Operating costs comprises depreciation of property, plant and equipment, and amortisation of software development costs, as well as ongoing maintenance. Capital expenditure was



\$0.3 million in 2014-15, \$0.6 million in 2015-16 and is budgeted to be \$3.3 million in 2017-18 and \$4.18 million for 2018-19. Further costs are expected but not known.

### 3.2.7 Cost management strategies

The department manages its costs in accordance with Australian Government resource management framework requirements, including the maintenance of:

- corporate plans
- external budgets, including forward year estimates
- development of internal budgets
- compliance with the Commonwealth Procurement Rules
- ongoing oversight of the department’s financial position by the Executive

### 3.2.8 Cost break-down estimates for 2018-19

The estimated costs in providing regulatory services are set-out in **Table 4**. These costs are estimates at this stage, an enhanced cost recovery model will be developed to better identify the costs in each sub activity identified in section 3.2.5.

**Table 4 – High-level cost breakdown for 2018-19 financial year**

Services	Direct Costs <sup>8</sup> (\$'000)	Indirect Costs <sup>9</sup> (\$'000)	Total Costs (\$'000)	Capital Costs <sup>10</sup> (\$'000)
Type certification	2,047	1,096	3,143	3,300-
Imports	1,719	1,023	2,742	440
RAWS	89	77	166	440
SEVs	78	26	104	
AVV	112	86	198	
Model Reports	677	244	921	
RAV	3,446	23	3,469	
Test Facility	169	104	273	
Reinspection	19		19	
<b>TOTAL</b>	<b>8,356</b>	<b>2,679</b>	<b>11,035</b>	<b>4,180</b>

<sup>8</sup> Direct costs include amortisation of developed software.

<sup>9</sup> Indirect costs incorporates overheads (including depreciation).

<sup>10</sup> Capital costs relate exclusively to developed software, which is not incorporated in the cost recovery model. Rather, the model incorporates depreciation/amortisation.

## **3.3 Design of cost recovery charges**

### **3.3.1 Charging structure**

The proposed RVSA charges will recover the cost of administering the RVSA. The charges are either cost recovery fees, levies or a combination of both depending on the services provided.

Application fees reflect the effort required to assess the relevant application. This is based on the minimum effort required to assess that applicable application type. Under the Option 2 scenario, additional levies recover the cost of activities associated with that application type that cannot be directly related to each application assessment. This includes development of standards and post market activities such as audits, recalls and internal quality assurance.

There are three main charging points that will collect over 80% of total revenue, these are explained in further detail below.

#### **1. Type approval**

There are six different charges for type approvals to differentiate between the different complexities of applications. Some application types require a greater effort to assess and represent an increased cost to the department for post market activities, such as auditing manufacturers.

Application types include:

- road vehicle type approval
- road vehicle type approval using International Whole of Vehicle Type Approval (IWVTA)
- heavy trailer type approval
- heavy trailer type approval using a model report
- light trailer type approval
- component type approval

#### **2. Register of Approved Vehicles**

The type approval holder will enter every type-approved vehicle on the RAV before supplying it to the market for use in transport in Australia. The cost of system administration and maintenance, standards development, administration of vehicle recalls and reforms to legislation are recovered as a levy.

#### **3. Imports**

All non-type-approved imported vehicles require an import approval from the department. The charge to submit an application includes the average effort required to assess an import application, customer assistance, development/maintenance of guidance material, reforms to legislation and quality assurance of applications.

An application for a certificate to confirm that something is not considered a road vehicle is assessed in a similar way to import applications and therefore has the same charge. The application charge for this certificate is the same for one or multiple vehicles of the same type.

## 4 Risk Assessment

The risk factors that influence cost recovery are:

- Complexity – structure, processes and implementation of the services provided, and the design of the fees and charges
- Materiality – value of cost recovery regulatory services (fees and charges)
- Sensitivity – level of interest from key stakeholders

In accordance with the CRGs, the department has undertaken a review and assessed the risks as medium.

### **Complexity**

Fees and charges may under/over recover costs associated with the regulatory services of administering the RVSA. A contributing factor may be that costs and volumes of the services have not been accurately forecast. To reduce this risk, the department will undertake an annual review of the methodology of reviewing costs and volumes and will update the CRIS accordingly.

### **Materiality**

Volumes are challenging to forecast and can vary significantly from year to year, depending on various economic factors. This can have an impact on budgets and cost forecasts. The department will undertake an annual review of expenses and revenue, identifying material differences and take appropriate action to mitigate and manage this risk.

Additionally, the department implements and applies financial controls to ensure that revenue is recognised appropriately and is collected in a timely manner. Appropriate processes have been established to manage the credit risk of the department in accordance with approved financial policies and procedures.

### **Sensitivity**

There is a risk that any change in the fees and charges without proper and appropriate consultation will raise concerns from government and non-government stakeholders, as well as the media and public.

The department will engage and consult with stakeholders as part of its ongoing review of costs associated with the administration of the RVSA to reduce the risk of misinterpretation from changes in fee structures and charging arrangements.

### **Risk Management**

The department will regularly review the volume of applications against expected volumes, this will give the department the ability to react to changes and adjust outputs/ estimates and the CRIS as required.

## **5 Stakeholder Engagement**

Consultation and communication with external stakeholders are an important part of administering the RVSA. The department has commenced stakeholder consultation on the broader MVSA reforms and exposure draft legislation. This consultation CRIS is an integral part of the consultation process. Stakeholder views will be taken into consideration before finalisation of the new cost recovery arrangements and publication of the final CRIS.

The department will review the cost model annually. Consultation will be conducted where changes to the CRIS and charges are required.

### **Summary of industry contact**

### **Changes as a result of feedback**

DRAFT

## 6 Financial Estimates

The financial forecasts and estimates for the 2018-19 to 2022-23 years are illustrated in **Table 5**.

The department understands occasional spikes in workload can be influenced by external factors. The department intends to maintain a 5-10% positive cumulative balance in the event additional resources are required to manage a spike in workload – if this amount is reached and not used, or there is a negative accumulated balance greater than 5%, then fees will be adjusted to maintain the positive balance within this threshold.

**Table 5 – Financial estimates for current year and Budget**

Charging point	Total Cost (\$'000)	2018-19 Revenue (\$'000)	Surplus 3/4 cost (\$'000)	2019-20 Revenue (\$'000)	Surplus 2019-20 (\$'000)	2020-21 Revenue (\$'000)	Surplus 2020-21 (\$'000)	2021-22 Revenue (\$'000)	Surplus 2021-22 (\$'000)	2022-23 Revenue (\$'000)	Surplus 2022-23 (\$'000)
Imports	2,744										
Concessional import application fee including certificate for non-road vehicle	2,656	1,992	0	2,656	0	2,656	0	2,656	0	2,656	0
RAV fee for concessional vehicles	88	66	0	88	0	88	0	88	0	88	0
RAWS	168	0									
RAWS workshop registration	168	146	20	110	-59	195	27	168	0	168	0
SEVS	101	0									
Application fee	101	101	25	101	0	101	0	101	0	101	0
AVV	197	0									
Application fee	197	148	0	198	0	198	0	198	0	198	0
Model Reports	918	0									
Assessment of model report for RAWS	726	641	96	128	-598	128	-598	128	-598	128	-598
Assessment of model reports for trailers	30	23	0	30	0	30	0	30	0	30	0
Assessment of variations and amendments for RAWS	155	117	0	155	0	155	0	155	0	155	0

Charging point	Total Cost (\$'000)	2018-19 Revenue (\$'000)	Surplus 3/4 cost (\$'000)	2019-20 Revenue (\$'000)	Surplus 2019-20 (\$'000)	2020-21 Revenue (\$'000)	Surplus 2020-21 (\$'000)	2021-22 Revenue (\$'000)	Surplus 2021-22 (\$'000)	2022-23 Revenue (\$'000)	Surplus 2022-23 (\$'000)
Assessment of variations and amendments for trailers	6	5	0	6	0	6	0	6	0	6	0
RAV	3,468	0									
RAV fee for type approved	3,468	2,602	0	3,469	0	3,469	0	3,469	0	3,469	0
Certification	3,144	0									
Application - non-IWVTA	2,064	5,272	3,724	2,410	345	803	-1,261	1,607	-458	1,607	-458
Certification - CTA	46	293	257	47	0	47	0	47	0	47	0
Application - IWVTA	7	0	-6	8	0	8	0	8	0	8	0
Assessment of variations and modifications (excluding heavy trailers)	348	65	-196	261	-87	348	0	348	0	348	0
Application - standard heavy trailers	328	677	431	574	246	328	0	328	0	328	0
Application - heavy trailers with model reports	5	4	0	5	0	5	0	5	0	5	0
Assessment of variations and modifications (heavy trailers only)	213	67	-93	213	0	213	0	213	0	213	0
Application - light trailers	129	73	-24	65	-65	32	-97	32	-97	32	-97
Test Facilities	273	0									
Registration and renewal - test facilities	273	519	313	274	0	274	0	274	0	274	0
Reinspections of facilities (test, design & production)	18	0									
Reinspection/audit - domestic test facilities, audits	2	2	0	3	0	3	0	3	0	3	0
Reinspection/audit - international test facilities, audits	16	12	0	16	0	16	0	16	0	16	0
Total	11,035	12,824	4,547	10,819	-217	9,106	-1,930	9,882	-1,153	9,882	-1,153
Cumulative balance			4,547		4,330		2,401		1,247		94

## 7 Financial and Non-Financial Performance

### 7.1 Financial Performance

The department's financial performance for the administration of the MVSA is illustrated in Table 6.

**Table 6 – Financial performance**

<b>Services</b>	<b>2012-13 (\$'000)</b>	<b>2013-14 (\$'000)</b>	<b>2014-15 (\$'000)</b>	<b>2015-16 (\$'000)</b>	<b>2016-17 (\$'000)</b>
Expenses	9,403	10,429	10,163	10,329	10,064
Revenues	10,395	10,115	9,636	10,079	9,139
<b>Surplus/(Deficit)</b>	<b>989</b>	<b>(314)</b>	<b>(527)</b>	<b>(250)</b>	<b>(925)</b>
Accumulated balance	539	225	(302)	(552)	(1,477)

As stated above, the department intends to maintain a 5-10% positive cumulative balance in the event additional resources are required to manage a spike in workload – if this amount is reached and not used, or there is a negative accumulated balance greater than 5%, then fees will be adjusted to maintain the positive balance within this threshold.

### 7.2 Non-Financial Performance

As part of the Reform Programme and implementation of the Regulator Performance Framework across the whole-of-government, the department has been developing non-financial performance measures for its administration of the RVSA and rules and will report on its performance when developed and made available in 2017-18.

Key non-financial performance measures are also made available in the department's annual report. The department will report against key performance indicators that are consistent with the goals outlined in the Portfolio Budget Statements, Programme 2.3 – delivering a safer road transport system by working to make vehicles and occupants safer, and drivers more informed.

## ***Key Forward Dates and Events***

The next key event in relation to this CRIS will be the outcome of the stakeholder consultation process. Stakeholder feedback will be considered and incorporated into a revised version of the CRIS, which is expected to be released in mid to late 2018. The table below will be populated once more information is known.

<b>Scheduled Event</b>	<b>Description</b>	<b>Date</b>
Accountable Authority endorsement	Endorsement from Secretary	
Certification	Certification from Minister	
Next scheduled review	Review of cost recovery model	Mid to late 2020

## **8 CRIS Approval and Change Register**

The table below will be populated once the final CRIS is approved and updated for subsequent changes to the financial and non-financial information provided in this CRIS.

<b>Date of CRIS change</b>	<b>CRIS change</b>	<b>Approver</b>	<b>Basis for change</b>
	Certification of CRIS	Secretary	First CRIS under new legislation
	Agreement to CRIS	Minister	First CRIS under new legislation