



**Australian Government**  
**Department of Infrastructure and Regional Development**  
**Australian Maritime Safety Authority**

## **AUSTRALIAN MARITIME SAFETY AUTHORITY**

### **COST RECOVERY IMPLEMENTATION STATEMENT**

**Ship and Seafarer Safety, Environmental Protection,  
Navigation Infrastructure and Marine Services**

**2016-17**

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# 1. INTRODUCTION

## 1.1 Purpose

This Cost Recovery Implementation Statement (CRIS) provides information on how the Australian Maritime Safety Authority (AMSA) implements cost recovery for ship and seafarer safety, environmental protection, navigation infrastructure and marine services. It also reports financial and non-financial performance information for these activities and contains financial forecasts for 2016-17 and three forward years.

AMSA will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

## 1.2 Description of the activities

AMSA undertakes the following activities on a cost recovery basis:

- i. ship and seafarer safety (levy) - safety regulation through ship inspection program and developing and maintaining legislative instruments and operational standards;
- ii. environmental protection (levy) - preventing and combating ship-sourced pollution in the marine environment;
- iii. navigation infrastructure (levy) - provision of aids to navigation;
- iv. marine services, ship registration and issuing a range of seagoing qualifications (fee for service); and
- v. marine surveyor accreditation, issuing exemptions and equivalent means of compliance to the Domestic Commercial Vessel fleet (fee for service) under the National System for Domestic Commercial Vessel Safety (National System).

This CRIS does not cover:

- i. funding arrangements between the shipping and offshore petroleum industries that support the National Plan for Maritime Environmental Emergencies (the National Plan) as these are not cost recovery arrangements under the Cost Recovery Guidelines; and
- ii. the majority of AMSA's role as the National Regulator for the domestic commercial vessel fleet and seafarers<sup>1</sup> operating in all States and Territories of Australia (the National System) funding for this function is subject to agreement between the States and Northern Territory prior to the commencement of the National System.

Participants in the commercial shipping industry pay the various AMSA levies, as they, individually or collectively, are the direct focus of the regulatory activities and the need for the provision of these regulatory activities would not exist in the absence of the shipping industry activities.

Individual users of the marine services activities pay the fees, as well as participants in the commercial shipping industry. These fees are direct user charges as they convey actual or potential economic benefit to the recipients by allowing them to participate in commercial maritime operations once they have demonstrated compliance with the relevant regulatory requirements.

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<sup>1</sup> The introduction of cost recover charging for National Regulator services will be introduced in tranches. Each tranche will be introduced by its own CRIS and subsequently incorporated into AMSA's primary CRIS.

## **Ship and seafarer safety**

AMSA undertakes safety regulation of interstate and international maritime shipping operations, involving many different types of inspections of ships, their cargoes and cargo handling equipment, accreditation and compliance audits of both Registered Training Organisations (RTO) and Australian shipping companies and their ships. These activities also include ongoing refinements to the safety regulatory framework and international cooperation with several bodies, including the International Maritime Organization (IMO), the International Labour Organization and the members of the Tokyo and Indian Ocean Memoranda of Understanding on Port State Control.

## **Navigation infrastructure**

AMSA provides aids to navigation around the Australian coastline, and along several offshore routes which present difficult navigational challenges, such as relatively shallow waters where there can be complex tidal patterns. AMSA does not provide navigational aids within port boundaries, as those are the responsibility of the port operator in question. This work involves participation at the IMO, the International Association of Lighthouse Authorities (IALA) and other international or regional cooperative groups.

## **Environmental protection**

AMSA represents the Australian Government in the National Plan, which is a cooperative arrangement with the States and Northern Territory and industry to maintain preparedness to respond to pollution incidents. This activity requires maintenance of stockpiles of response equipment and consumables, such as dispersant chemicals, around the coastline and ongoing training of personnel in pollution response techniques, plus periodic pollution response exercises.

## **Marine services and ship registration**

In meeting its responsibility for the safety regulation of commercial international and interstate maritime industry operations, AMSA provides a range of services to industry participants, usually in the form of approvals, certificates, licences, inspections, determinations and exemptions required by the legislation and related regulations or Marine Orders administered by AMSA. These include services to seafarers in relation to the range of internationally-recognised marine qualifications administered by AMSA.

The creation of the Australian International Shipping Register (AISR) in 2011 resulted in a new service to be provided by AMSA, which is a pre-registration assessment of the ship in question to ensure that it has been maintained and crewed to a suitable standard. AMSA's existing set of charges for marine services will also apply to these ships. In addition to these services, ships on the AISR will be subject to AMSA's broader regulatory activities including payment of the Regulatory Functions levy.

## **Marine surveyor accreditation, exemptions and equivalent means of compliance**

AMSA is responsible for providing regulatory services to the Domestic Commercial Vessel (DCV) industry. AMSA provides services directly to an applicant via the Marine Surveyor Accreditation Scheme (the Scheme) as well as applications for

exemptions and equivalent means of compliance with the National Law<sup>2</sup>.

The Scheme is AMSA's primary control mechanism to monitor and maintain the professional competency of its network of Accredited Marine Surveyors (Surveyors). To maintain this accreditation, a surveyor will be subject to a professional review by AMSA at least once in a three year cycle and every five years will be required to renew their accreditation and a renewal fee will apply.

These fee for service arrangements are the first tranche of charges relating to the National System,

### 1.3 Duration

This CRIS is effective from the date of publication until otherwise amended.

## 2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

### 2.1 Government policy approval to cost recover the activity

When AMSA was established under the Australian Maritime Safety Authority Act 1990, the Government's intent was 'that the Authority will run its commercial services on a self-funded basis; services which cannot be provided on a self-funded basis (such as search and rescue) will be paid for by the Commonwealth' (Explanatory Memorandum to the *Australian Maritime Safety Authority Bill 1990*).

The Explanatory Memorandum further states that 'as well as receiving revenue by way of fees for specific services provided to individual shipowners, the Authority will need to receive the revenue from the more general marine navigation levy and the oil pollution fund levy' (clause 48 – Payment of amounts of levy to Authority).

In November 2005, the Australian Government gained agreement of the States and Northern Territory to a comprehensive package of measures for the ongoing protection of Australia's coastal and marine environment. The main elements of the Australian Government's national maritime emergency response arrangements are outlined in the National Plan for Maritime Environmental Emergencies and include:

- Ensuring the availability of an agreed level of ocean-going emergency towage capability at strategic locations around Australia's coast through contracting with service providers for assets which will, at other times, be engaged in other commercial activities.
- Provision of a dedicated emergency towage vessel for the northern part of the Great Barrier Reef and Torres Strait.
- Regulation, monitoring and coordination of emergency response arrangements by AMSA, as the national decision-maker, when there is a risk of significant pollution in relation to any ship in Australia's waters and around Australia's coast.
- Recovery of the full costs of the emergency towage arrangements from the shipping industry through the Protection of the Sea Levy, which is administered by AMSA to fund its marine environment protection functions.

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<sup>2</sup> Marine Safety (Domestic Commercial Vessel) National Law Act 2012, and Marine Safety (Domestic Commercial Vessel) National Law regulation 2013.

As part of the Coastal Shipping Reform package announced in 2011, the Australian Government approved the establishment of the AISR to encourage Australian participation in the international shipping trade to be regulated by AMSA on a cost recovery basis.

## 2.2 Statutory authority to charge

The table below lists legislation that authorises the imposition of levies and other charges by AMSA.

Title	Description
<b>Marine Navigation Levy (MNL)</b>	Imposed under section 6 of the Marine Navigation Levy Act 1989 <sup>3</sup> to recover the full cost of the network from direct users of Australia’s national network. The purpose of the Levy is to fund the national aids to navigation network.
<b>Marine Navigation (Regulatory Functions) Levy (RFL)</b>	Imposed under section 6 of the Marine Navigation (Regulatory Functions) Levy Act 1991 <sup>4</sup> to recover the full cost from the shipping industry to fund the regulation of operations of vessels in Australian waters. The purpose of the Levy is to fund AMSA’s maritime safety regulation activities.
<b>Protection of the Sea Levy (PSL)</b>	Imposed under section 5 of the Protection of the Sea (Shipping Levy) Act 1981 <sup>5</sup> . This Levy is based on the “potential polluter pays” principle and covers the cost of maintaining the preparedness to respond to and prevent pollution of the sea.
<b>Fees and charges for marine services and ship registration for ships on the Australian Register of Ships</b>	Charges may apply to a range of marine services including inspection of ships, cargo and ships’ safety equipment, and marine qualifications. This authority is imposed under Section 47 of the Australian Maritime Safety Authority Act 1990. <sup>6</sup> Subclause 12 of Section 47 specifies that ‘the amount or rate of a charge must be reasonably related to the expenses incurred or to be incurred by the Authority in relation to the matters to which the charge relates and must not be such as to amount to taxation’.
<b>Australian International Shipping Register (AISR)</b>	The AISR creation resulted in a service charged on a fee for service basis. Existing charges for marine services and some seafarer’s qualifications will also apply to the ships on the AISR and their crew members. The Shipping Registration Amendment (Australian International Shipping Register) Bill 2012, making the changes to the Shipping Registration Act 1981 <sup>7</sup> received Royal Assent on 21 June 2012 and entered into force on 1 July 2012.

<sup>3</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401528>

<sup>4</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401541>

<sup>5</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401525>

<sup>6</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200403584>

<sup>7</sup> <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401362>

Title	Description
<b>Fees and charges for marine surveyor accreditation, exemptions and equivalent means of compliance on Domestic Commercial Vessels</b>	Imposed under the Marine Safety (Domestic Commercial Vessel) National Law Act 2012 <sup>8</sup> and the Marine Safety (Domestic Commercial Vessel) National Law Regulation 2013 <sup>9</sup> . The purpose of the Charges is to cover the cost of providing regulatory services to the Domestic Commercial Vessel fleet as specified under the National Law <sup>10</sup> .

### 3. COST RECOVERY MODEL

#### 3.1 Outputs and business processes of the activity

##### Outputs and Business Processes

AMSA broadly provides four cost recovery activities which support the organisation role<sup>11</sup> as Australia's national agency responsible for maritime safety and protection of the marine environment. These include a requirement to:

- provide leadership in the development of safety and environmental protection standards to promote the responsible operation of vessels and safety of seafarers, and monitor and enforce compliance with these standards;
- respond to maritime environmental emergencies;
- provide the systems that aid safe marine navigation; and
- promote seafarers wellbeing, safety, competency and capability as an integral part of vessel safety.

The activities are identified as the three levy functions and one fee for service activity which supports these requirements. It is important to note that the outputs linked to the levy activities relate to the provision of a total function and are not based on transactional business processes, i.e., the costs of delivering these services are not driven on a transactional basis. Their costs are driven by their support of the overall outputs they provide as detailed in section 3.3.

The fee for service activities are linked to business processes supporting the specific charges to which they relate. A detailed listing of these charges is shown in section 3.3.

The table below provides a summary of the cost recovery activities, outputs and processes which AMSA undertakes.

<sup>8</sup> <https://www.legislation.gov.au/Series/C2012A00121>

<sup>9</sup> <https://www.legislation.gov.au/Details/F2016C00828>

<sup>10</sup> Marine Safety (Domestic Commercial Vessel) National Law Act 2012, and Marine Safety (Domestic Commercial Vessel) National Law regulation 2013.

<sup>11</sup> AMSA is providing National Regulator services for the domestic commercial vessel fleet and seafarers which are presently not subject to cost recovery arrangements. AMSA is also Australia's national agency responsible maritime and aviation search and rescue, through Community Service Obligation funding.

Activity	Output	Process
Marine Navigation Levy	Aids to Navigation Maintenance	N/A <sup>(a)</sup>
	Aids to Navigation Maintenance - Heritage	N/A <sup>(a)</sup>
	Standards and Regulation	
	Vessel Management and Monitoring	
	Other	
Protection of the Sea Levy	Emergency Towing Capability	N/A <sup>(a)</sup>
	Pollution Response Capability	
	National Plan	
	Standards and Regulation	
	Vessel Management and Monitoring	
	Other	
Regulatory Function Levy	Cargo Safety Compliance Inspections	N/A <sup>(a)</sup>
	Ship Safety Compliance Inspections	
	Shipping Registration Information and Legislation	
	International Obligations	
	Qualifications and Manning Regulatory Framework and Information	
	Maintenance of Standards and Regulatory Framework	
	Vessel Management and Monitoring	
	Other Regulatory Oversight	
Fee For Service Activities	Marine Services	Various <sup>(b)</sup>
	Seafarers Qualifications and Manning Approvals	
	Ship and Cargo Approvals, Permits, Licences, etc	
	Shipping Registration Approvals and Vessel Titles	
	Marine Surveyor Accreditation, Exemptions and Equivalent means of Compliance	

(a) Costs are driven by their support of the overall outputs they provide; see section 3.3 for more detail.

(b) Linked to specific charges; see section 3.3 for more detail.

## 3.2 Costs of the activity

### Cost Allocations

AMSA uses an activity based costing approach (i.e., costing model) in determining appropriate cost recovery charges for specific activities. This approach allows linking of the costs of different activities within each of AMSA's major areas of operation to a source of revenue in the form of industry levies or fees for service.

Levies account for approximately 96 per cent of the overall cost recovery revenue, with the remainder derived from fee for service charges.

Levy charges are based on actual costs to undertake activities and provide services in accordance with AMSA's Corporate Plan. These costs are readily available and are directly attributable to activities and services through AMSA's Financial Management Information System (FMIS) and costing model and reported in AMSA's Annual Report. AMSA measures the efficiency of its cost base through comparison with other agencies

with similar functions, namely overseas and domestic equivalents. AMSA considers that its actual costs reflect efficient costs in this context and for the purposes of cost recovery. AMSA's fees are based on an average hourly cost rate for its marine surveyors with some fixed level charges reflecting the cost structures for general administrative staff or that of the shipping registration office. At present, fixed fees apply for those services where the range of typical delivery times is not greatly different from the average delivery time. Where there are usually very wide variations of delivery costs from case to case for a particular type of service, the relevant charge reflects the time actually taken in its delivery, calculated at the hourly rate, plus related expenses.

Out-of-pocket expenses (e.g. fares and travel expenses) unavoidably incurred as part of service delivery will continue to be recovered at cost for each individual service where services are delivered at locations remote from an AMSA office. Charges for travel time to remote ports and mileage charges for vehicle transport to remote locations will also continue to be applied where appropriate in addition to the relevant fees and charges for services. Mileage charges for travel to remote locations by car are currently calculated in line with the current Australian Taxation Office (ATO) rate specified for the types of vehicles used by AMSA – this rate per kilometre will change over time in line with rates approved by the ATO.

### **Cost Components**

Costs included in levies calculation comprise both operating and capital costs (the latter via depreciation or amortisation expenses) with a further categorisation as direct or indirect costs, which is a determining factor in the cost allocation method and driver.

Direct costs are those costs that can be directly and unequivocally attributed to one or more activities. Indirect costs are those costs that are not directly attributable to an activity and a methodology for attribution across activities is undertaken.

Centrally budgeted costs and corporate re-charge are sub-components of indirect costs. Centrally budgeted costs, e.g. rent and communications costs, are attributed to activities on the basis of a cost allocation driver identified for each centrally budgeted item. For example, the cost of communications and telephone landline systems allocation driver is staff headcount, whereas the allocation driver for rent is based on work point. Corporate re-charge relates to non-operational costs such as corporate services and portions of the costs of the office of the Chief Executive Officer and Deputy Chief Executive Officer. Corporate re-charge costs are attributed to activities on the basis of relevant resource consumption-based cost drivers.

The nature of costs varies considerably across AMSA's main areas of operation. For example, the provision of aids to navigation has a major capital cost component, with consequent high annual depreciation and asset maintenance costs, the latter reflecting an operating environment that is relatively hostile in terms of weather and corrosion.

In contrast, the safety regulation of the maritime industry – both levy and fee-for-service funded activities - has a much smaller capital cost, mainly normal office equipment and IT systems. The majority of costs relate to labour, with associated routine overheads and expenses, especially for travel to ports remote from AMSA's 19 regional offices around the Australian coastline.

The preparedness to respond to pollution of the sea requires some investment and maintenance costs for regional stockpiles of equipment, training and consumables, in addition to labour costs.

AMSA's costs in relation to the provision of safety regulation and ship registration services are primarily labour related, with low capital costs. Accordingly, these fee for

service charges are primarily driven by AMSA's labour costs, associated overheads and some IT system costs.

	Direct costs 2015/16 (\$'000)	Indirect costs 2015/16 (\$'000)	Capital costs <sup>(a)</sup> 2015/16 (\$'000)	Total costs 2015/16 (\$'000)
<b>Marine Navigation Levy</b>	<b>29,791</b>	<b>2,895</b>	-	<b>32,686</b>
<i>Aids to Navigation Maintenance</i>	18,397	941	-	19,338
<i>Aids to Navigation Maintenance - Heritage</i>	4,835	200	-	5,035
<i>Standards and Regulation</i>	1,981	477	-	2,458
<i>Vessel Management and Monitoring</i>	3,457	480	-	3,937
<i>Other</i>	1,121	797	-	1,918
<b>Protection of the Sea Levy</b>	<b>27,641</b>	<b>5,665</b>	-	<b>33,306</b>
<i>Emergency Towage Capability</i>	14,428	569	-	14,997
<i>Pollution Response Capability</i>	9,023	1,881	-	10,904
<i>National Plan</i>	340	912	-	1,252
<i>Standards and Regulation</i>	983	853	-	1,836
<i>Vessel Management and Monitoring</i>	676	133	-	809
<i>Other</i>	2,191	1,317	-	3,508
<b>Regulatory Function Levy</b>	<b>30,944</b>	<b>16,318</b>	-	<b>47,262</b>
<i>Cargo Safety Compliance Inspections</i>	898	581	-	1,479
<i>Ship Safety Compliance Inspections</i>	7,967	3,793	-	11,760
<i>Shipping Registration Information and Legislation</i>	190	305	-	495
<i>International Obligations</i>	2,080	1,462	-	3,542
<i>Qualifications and Manning Regulatory Framework and Information</i>	1,380	916	-	2,296
<i>Maintenance of Standards and Regulatory Framework</i>	10,761	6,991	-	17,752
<i>Vessel Management and Monitoring</i>	5,811	798	-	6,609
<i>Other Regulatory Oversight</i>	1,857	1,472	-	3,329
<b>Fee For Service Activities</b>	<b>2,524</b>	<b>2,128</b>	-	<b>4,652</b>
<i>Marine Services</i>	2,068	1,770	-	3,838
<i>Seafarers Qualifications and Manning Approvals</i>	1,072	918	-	1,990
<i>Ship and cargo approvals, permits, Licences, etc</i>	996	852	-	1,848
<i>Shipping Registration Approvals and Vessel Titles</i>	456	358	-	814
<b>TOTAL</b>	<b>99,900</b>	<b>27,006</b>	-	<b>117,906</b>

(a) Capital costs are not included per se as the related depreciation and amortisation expenses are identified as part of the direct and indirect costs.

## Volume and/or Demand Assumptions

The operations of international and interstate shipping are complex, with many different types of cargoes handled by a wide variety of ship types and sizes and with considerable variations in growth rates at different ports. Over the period 2012 to 2015, some 10,344 foreign flag ships made 105,097 calls to some 75 Australian ports. Port visits by this fleet comprised 51% bulk carriers, 16% containers and 12% tankers. The fleet makes approximately 10,000 liable levy visits in a year. The majority of the levy revenue is derived from bulk carriers, at 80%, due to their large average net tonnage ratings and high activity levels, and the remaining split between tankers (7%) and containers (6%). Over the period bulk carriers would make on average around 2 visits per levy payment where containers ships would make between 5 – 6 and tankers 3 – 4. There has also been a consistent trend towards larger vessels over time with many major ship types. These complex operating patterns and their wide differences across various ship types, plus wide variations in ship sizes, mean that the underlying demand for AMSA's activities relating to specific levies can change unpredictably over time.

The three levies applied by AMSA become liable for payment when a ship engaged in international trading enters the boundaries of an Australian (Customs-declared) Port, or has not departed from such a port, and where that ship has not paid the corresponding levy in the previous three months. Ships engaged in coastal trading are liable for these levies every quarter, unless they are out of operation. In addition, the levy liability of a ship is related to its net tonnage rating, but at differing rates across the three levies and with slightly different conditions for the PSL compared to the MNL and RFL. This three month coverage by the levies paid by a ship has been in use for many decades and broadly reflects ship operating patterns when the levies were first introduced.

The above factors mean that any projections of expected growth in demand for AMSA's activities and associated revenue base must take account of these complex relationships which are different for each levy. The most influential factors are growth in ship port visits and in ship sizes, which can vary significantly across differing types of ships, and operating patterns. For example, some ships, particularly bulk carriers, typically visit only one port on a single visit to Australia, but may or may not make one or more other return visits within the three month period covered by a single levy payment. In contrast, container ships typically make 4 to 7 port visits on a single voyage to Australia, as they on-load and off-load their cargoes at several major ports. In addition, the average bulk carrier is considerably larger than the average container or general cargo ship, so any projections need to take into account these differing operating patterns, differences in port call frequencies for each ship type and major variations in ship sizes across individual trades.

### 3.3 Design of cost recovery charges

AMSA's cost recovery arrangements have been designed taking into consideration whether a service is being provided to an individual entity and whether the costs of the service can be reasonably linked to that individual entity so that a fee for service can be imposed; or if an activity is being undertaken in relation to a group of entities or the broader shipping industry and the costs of the activity can be reasonably linked to that group of entities or the industry then a levy is considered more appropriate.

Participants in the shipping industry pay the levies and user fees and charges, as they, individually or collectively, are the direct focus of the regulatory activities and the need for the provision of these regulatory activities would not exist in the absence of the

shipping industry activities. Such cost recovery arrangements reflect both the “user pays” and “impactor (or potential polluter) pays” principles.

To provide accountability to stakeholders, the receipts from AMSA’s three separate statutory levies are designed to match the full costs of three corresponding activities undertaken by AMSA – aids to navigation, safety regulation of international and interstate shipping, and preparedness to combat pollution of the sea.

The cost base for the activities AMSA provides under the levies is, in many cases, not transactionally driven by user interaction. The nature of the functions described below are such that the cost of their provision can only be identified on the basis of total costs. As a result charges are based on an equitable distribution of these total costs to industry users and not linked to transactional volumes.

These levies comprise:

**The Marine Navigation Levy (MNL)** meets the capital and operating costs of the marine aids to navigation network and related functions. The MNL funds technical, maintenance and engineering project management services supporting the provision of the national network of integrated aids to navigation and traffic management measures to meet the needs of commercial shipping for safe and efficient coastal navigation, and the provision of a safety communications network to meet Australia’s obligations under the International Convention for the Safety of Life at Sea (SOLAS Convention). This task includes participation in international organisations relating to navigational standards issues.

**The Marine Navigation (Regulatory Functions) Levy (RFL)** is applied to meet the costs of safety and regulatory activities, mainly compliance inspections and audits, undertaken on a sample basis as informed by risk assessments. This means that about 62% of individual foreign ships are inspected each year under the port State control programme. There is also a range of inspections related to higher risk cargoes, again on a sample basis. AMSA undertakes some 21 types of inspections of ships and cargoes, many of which are sample-based compliance monitoring checks, and are thus levy-funded. The RFL also funds the development of Australia’s maritime regulations based on international standards, mainly promulgated by the International Maritime Organisation, the promotion of safety culture in the maritime industry through promulgation of policies and guidelines related to AMSA’s functions under relevant Australian Government legislation, and participation in international and regional maritime forums developing as well as implementing international maritime standards for ship safety and environmental protection. The RFL funded activities also encompass the provision of advice to Government and other government agencies in relation to the above matters, although the cost of these activities is not material in the context of the overall safety regulatory program. Finally, the RFL funds investigations of incidents and associated functions such as prosecution support.

**The Protection of the Sea Levy (PSL)** resources the capital and operating costs of the National Plan. Preparedness to combat pollution of the sea is primarily a function of ensuring there is adequate capability to respond to marine pollution or shipping incident issues. Preparedness includes the acquisition, maintenance and stockpiling of relevant equipment and supplies, contracted emergency towage capability around the Australian coastline, training and exercises and overall management of the National Plan.

These levies are paid by commercial vessels of 24 metres or more in tonnage length, with the rate of levy for the MNL and RFL based on a sliding scale of the ship’s Net

Registered Tonnage (NRT) rating. The PSL is based on a flat rate per NRT for ships that have on board more than 10 tonnes of oil.

Where the cost of response to individual incidents can be attributed to an identifiable polluter, they are recovered directly from the individual ship owner. This is done under international civil liability legislation that allows AMSA to recover such costs on a case-by-case basis, although there are limits under international conventions to the maximum sum recoverable from polluters. Where the polluter cannot be identified or pollution clean-up costs exceed the shipowner's capacity to pay, or exceeds these liability limits, costs also need to be recovered through a general levy mechanism on all ships. Some costs of this function are recouped by charging other parties, for example through hire of National Plan equipment.

### **Fee for Service**

AMSA provides a range of services which broadly fall into the following categories:

- Marine services relate to approvals, permits, authorisations, certificates, licences, inspections, determinations and exemptions required by the legislation and related regulations or Marine Orders administered by AMSA;
- Shipping registration relates to services by the Shipping Registration Office; and
- Surveyor accreditation, exemptions and equivalent means of compliance relates to services required to monitor and maintain AMSA's Marine Surveyor Accreditation Scheme.

AMSA's costs in providing these services are primarily labour related, with low capital costs, with fees set either at a fixed rate or at an hourly rate.

### **New, Revised and Obsolete Services – Fee for Service**

Effective from 1 September 2016, AMSA introduced a number of fees in order to recover the cost of administering the National System. The new fee charges include:

- administering and management of the Marine Surveyor Accreditation Scheme;
- assessment of applications requesting exemption from the National Law; and
- assessment of applications for equivalent means of competency.

The fees comprise an application fee and an assessment fee and are primarily based upon an average hourly rate primarily driven by AMSA's labour costs and associated overheads. There is a minor component for material charges covering such things as printing, handling and postage.

The average rate of charge for assessment services provided is \$185 per hour. These fees will be subject to annual indexation using the CPI rate published by the Australian Statistician.

The total rate of charge is based upon a \$650 application fee and a tiered assessment fee. The rate of effort required to process each application has been separated into three distinct tiers characterised by the number of categories of accreditation an applicant applies for. The total fixed fee per tier is detailed in the following table.

Tier	Categories	Estimated Hours	Application Fee	Assessment Fee	Total Fee
Tier 1	5 or less	4	\$650	\$740	\$1,390
Tier 2	6 to 10	8	\$650	\$1,480	\$2,130
Tier 3	11 to 16	12	\$650	\$2,220	\$2,870

Charging for the assessment of applications for exemptions and equivalent means of competency will not come into force until 2019-20.

### Change in Rates of Charge - Fee for Service

AMSA has reviewed its cost structure and has determined that the average hourly cost rate for its Marine Surveyors for 2016-17 will remain at \$272. In real terms, discounting for inflation, this \$272 per hour is little different from the \$185 per hour rate of charge applied by AMSA in 2001. The fixed level charges therefore reflect costs of the range of staff involved: \$272 per hour where the service in question includes time applied by Marine Surveyors, and, as appropriate, including the time applied by other staff, such as general administrative staff (\$94 per hour) or that of the staff of the Shipping Registration Office (\$222 per hour), as appropriate.

AMSA's costs in relation to the provision of safety regulatory and ship registration services are primarily labour-related, with low capital costs. Accordingly, the scope for achieving further productivity gains is relatively limited, so charges need to be adjusted from time to time to reflect the current costs of service provision, although some of the proposed charges reflect efficiency gains which have been achieved through revised processes and technological improvements, where reductions in charges can be applied in a few cases.

Fixed fees are applied for those services where the range of typical delivery times is not greatly different from the average delivery time. Where there are usually very wide variations of delivery costs for a particular type of service, the relevant charge will reflect the time actually taken in its delivery, calculated at the hourly rate, plus related expenses.

Out-of-pocket expenses (e.g. fares and travel expenses) unavoidably incurred as a part of service delivery will continue to be recovered at cost for each individual service where services are delivered at locations remote from an AMSA Office. Charges for travel time to remote ports and mileage charges for vehicle transport to remote locations will also continue to be applied where appropriate, in addition to the relevant fees and charges for services. Vehicle charges for travel to remote locations by AMSA car will continue to apply at the current Australian Taxation Office rate per kilometre specified for the types of vehicles used by AMSA as at the time of delivery of the service in question.

## Charging Structure

AMSA's charging structure is broadly summarised in the table below.

Charge Title	Method of Recovery	Structure
Marine Navigation Levy	Levy	Net registered tonnage - sliding scale
Regulatory Functions Levy	Levy	Net registered tonnage - sliding scale
Protection of the Sea Levy	Levy	Net registered tonnage - linear
Marine Services	Fee for service	Direct fee/hourly rate
Shipping Registration	Fee for service	Direct fee/hourly rate
Surveyor Accreditation, Exemptions and Equivalent means of Compliance	Fee for service	Direct fee/hourly rate

## Marine Navigation Levy and Marine Navigation (Regulatory Functions) Levy

The rates for the MNL and RFL levies are summarised in the table below.

Net Tonnage	Rates per Ton (cents per ton)			Net Tonnage	Levy	
	MNL	RFL	Total			
1 – 5,000	23.5	17.0	40.5	1 – 5,000	40.5 cents per ton	
5,001 – 20,000	12.0	17.1	29.1	5,001 – 20,000	\$2,025.00	+29.1 cents per ton over 5,000 tons
20,001 – 50,000	7.0	17.0	24.0	20,001 – 50,000	\$6,390.00	+24.0 cents per ton over 20,000 tons
Over 50,000	2.5	15.5	18.0	Over 50,000	\$13,590.00	+18.0 cents per ton over 50,000 tons

The banding for the levy charges is set on net tonnage and is a common basis of bands for cost recovery within the shipping industry. The banding is non-linear and derived from historical predecessors of the current levy arrangements. Australia has been applying cost recovery from the shipping industry since the mid-1950's, initially in the form of "Light Dues", now the MNL. The PSL and RFL were added later. Levy rates within the traditional net tonnage bands have been adjusted from time to time, especially in the period up to 2005, and by differing amounts within each band and for each levy – generally to reflect fairness and equity in application, while aligning with charging overall costs of the activity funded by each.

## Protection of the Sea Levy

The levy is currently 11.25 cents per net registered ton per quarter, with a minimum of \$10 per quarter.

## Fee for Service

The charging rates for the fee for service activities are summarised in the table following.

### Marine Services<sup>12</sup>

Marine Services	Type	Rate	Estimated volume	Estimated total revenue	Output
Services provided at Hourly Rate of Charge	Hourly Rate	272/hour + expenses	3,540	2,032,423	Marine Services
Processing application for exemption of vessel from coastal pilotage requirements	Hourly Rate	272/hour + expenses	33	8,976	Marine Services
Processing application for exemption of seafarer from coastal pilotage requirements for exempt vessel	Fixed Fee	136	25	3,400	Marine Services

<sup>12</sup> Charges listed also represent discrete business process.

<b>Marine Services</b>	<b>Type</b>	<b>Rate</b>	<b>Estimated volume</b>	<b>Estimated total revenue</b>	<b>Output</b>
Processing application for determination of ship manning levels	Fixed Fee	1,088	60	65,280	Marine Services
Processing application for review of existing approved manning levels	Fixed Fee	544	30	16,320	Marine Services
Authorisation, accreditation or re-accreditation of an Organisation to Provide Services	Hourly Rate	272/hour + expenses	24	32,640	Marine Services
Periodic Compulsory Compliance Audit	Hourly Rate	272/hour + expenses	100	489,600	Marine Services
Assessment of Sea Service other than for immigration purposes	Fixed Fee	168	600	100,800	Marine Services
Assessment of Marine Qualifications for immigration purposes	Fixed Fee	472	125	59,000	Marine Services
Assessment of Sea Service - Oral Examination Unlimited	Fixed Fee	544	650	353,600	Marine Services
Assessment of Sea Service - Computer Based Exam	Fixed Fee	220	50	11,000	Marine Services
Processing application for the issue of a Compass Adjuster's Licence	Fixed Fee	190	3	570	Marine Services
Processing application for initial issue of certificate of competency or proficiency	Fixed Fee	190	100	19,000	Marine Services
Processing application for initial issue of certificate of recognition of competency or proficiency	Fixed Fee	190	100	19,000	Marine Services
Processing application for revalidation of certificate of, or certificate of recognition of, competency or proficiency	Fixed Fee	136	1200	163,200	Marine Services
Processing application for endorsements to an active certificate of Competency	Fixed Fee	112	140	15,680	Marine Services
Processing of application for the initial issue of, or revalidation of, a GMDSS Competency Certificates or Certificate of Recognition of GMDSS	Fixed Fee	112	900	100,800	Marine Services
Processing an applications for the issue or reissue of a certificate of proficiency as a marine cook	Fixed Fee	112	130	14,560	Marine Services
Processing of an application for an initial Coastal Pilot's licence or reissue of an existing Coastal Pilots Licence	Fixed Fee	150	50	7,500	Marine Services
Assessment of a standard written examination of theory or charts for Coastal Pilot certificate	Fixed Fee	544	10	5,440	Marine Services

Marine Services	Type	Rate	Estimated volume	Estimated total revenue	Output
Assessment of a standard written examination of Whitsunday area charts for Coastal Pilot certificate	Fixed Fee	816	2	1,632	Marine Services
Conduct of an oral examination for a Check Pilot certificate	Fixed Fee	816	3	2,448	Marine Services
Application for certificate of safety training	Fixed Fee	112	2,800	313,600	Marine Services
Supply of documents other than by normal mail to international destinations	Hourly Rate + Expenses	80	20	1,600	Marine Services
Supply of documents other than by normal mail to domestic destinations	Hourly Rate + Expenses	40	10	400	Marine Services
<b>TOTAL</b>				<b>3,838,469</b>	

### Shipping Registration<sup>13</sup>

Charge title	Type	Rate	Estimated volume	Estimated total revenue	Output
Lodging application for registration or re-registration of:					
(a) ship required to be registered	Fixed Fee	2,664	31	82,584	Ship Registration
(b) ship permitted to be registered other than ship referred to in (c)	Fixed Fee	1,554	286	444,444	Ship Registration
(c) ship on demise charter to an Australian based operator other than an Australian owned ship	Fixed Fee	3,996	3	11,988	Ship Registration
Inspection of a ship required to be inspected by the Registrar to determine an application for registration on the international register	Hourly Rate	272/hour	-		Ship Registration
Lodging documents for registration of transfer, transmission of ownership in relation to:	Fixed Fee				Ship Registration
(a) ship required to be registered	Fixed Fee	777	54	41,958	Ship Registration
(b) ship permitted to be registered other than ship referred to in (c)	Fixed Fee	444	330	146,520	Ship Registration
(c) ship on demise charter to an Australian based operator other than an Australian owned ship	Fixed Fee	1,332	2	2,664	Ship Registration
Lodging application for grant of provisional registration certificate or new registration certificate under section 21 of the Shipping Registration Act (replacement certificate)	Fixed Fee	222	70	15,540	Ship Registration

<sup>13</sup> Charges listed also represent discrete business processes.

Charge title	Type	Rate	Estimated volume	Estimated total revenue	Output
Lodging application for grant of provisional registration certificate under section 22 or 22A of the Shipping Registration Act	Fixed Fee	333	35	11,655	Ship Registration
Lodging application for extension of period of currency of provisional certificate	Fixed Fee	222	5	1,110	Ship Registration
Lodging application for grant of temporary pass	Fixed Fee	333	10	3,330	Ship Registration
Lodging application for issue of certificate of entitlement to fly Australian national flag or red ensign	Fixed Fee	222	-	-	Ship Registration
Supply of deletion certificate	Fixed Fee	111	80	8,880	Ship Registration
Lodging application for exemption from registration	Fixed Fee	666	5	3,330	Ship Registration
Lodging request for approval of change of name of registered ship	Fixed Fee	111	65	7,215	Ship Registration
Lodging request for change of home port of registered ship	Fixed Fee	111	55	6,105	Ship Registration
Lodging request for extension of time for lodging documents	Fixed Fee	167	26	4,342	Ship Registration
Supply of certified copy of the Register or of a document forming part of or associated with the Register	Fixed Fee	75	75	5,625	Ship Registration
Supply of a certified copy of Register entry	Fixed Fee	40	2	80	Ship Registration
Supply of a certified copy of documents forming part of or associated with the register, for each page	Fixed Fee	21	5	105	Ship Registration
Lodging a caveat	Fixed Fee	222	5	1,110	Ship Registration
Application for a Continuous Synopsis Record	Fixed Fee	555	5	2,775	Ship Registration
Reissue of a Continuous Synopsis Record	Fixed Fee	170	2	340	Ship Registration
Amendments to a Continuous Synopsis Record	Fixed Fee	390	20	7,800	Ship Registration
Supply of documents other than by normal mail to international destinations	Hourly Rate + Expenses	80	20	1,600	Ship Registration
Supply of documents other than by normal mail to domestic destinations	Hourly Rate + Expenses	40	20	800	Ship Registration
Search of Register by staff of Shipping Registration Office	per 15 minutes	55.50	24	1,332	Ship Registration
Other Services relating to ship registration not elsewhere specified	Hourly Rate	222	-	-	Ship Registration
<b>TOTAL</b>				<b>813,232</b>	

## Surveyor Accreditation, Exemptions and Equivalent means of Compliance

Charge title	Type	Rate	Estimated Volume *	Estimated total revenue #	Output
Tier 1 Marine Surveyor Accreditation applications	Fixed Fee	1,390	6.06	8,423	DCV Services
Tier 2 Marine Surveyor Accreditation applications	Fixed Fee	2,130	7.90	16,822	DCV Services
Tier 3 Marine Surveyor Accreditation applications	Fixed Fee	2,870	6.88	19,735	DCV Services
Renewal of Marine Surveyor Accreditation	Fixed Fee	254	-	Nil <sup>14</sup>	DCV Services
Processing Exemptions from the National Law	Hourly Rate	230	-	Nil <sup>14</sup>	DCV Services
Processing Equivalent Means of Compliance	Hourly Rate	230	-	Nil <sup>14</sup>	DCV Services
<b>TOTAL</b>				<b>44,980</b>	

\*An analysis of all applications processed since inception of the National System found that the ratios between Tiers 1, 2 & 3 was 29%, 38% and 33% respectively. These ratios were then used to estimate the number of applications likely to be received in each of the tier categories after the introduction of fees. Accordingly these volumes may be part numbers but are rounded here for the purposes of simplicity.

#The estimated revenue from the introduction of charges relating to the National System are not included in the AMSA budget (i.e. PBS) as approval to introduce charging did not occur until August 2016.

The current schedule of charges is published on the AMSA website.<sup>15</sup>

Estimated revenue in the 2016-17 Budget year for the levies and fee for service activities is summarised in the table below.

	Amount (\$'000)
Marine Navigation Levy	34,450
Regulatory Function Levy	51,722
Protection of the Sea Levy	34,384
Fee for Service Activities	4,652
<b>Total</b>	<b>125,208</b>

## 4. RISK ASSESSMENT

### Economic Factors

As discussed at section 3.2, the demand for AMSA's levy activities and associated revenue stream is sensitive to economic factors that affect volume and demand assumptions. Reduced growth in shipping activity over the past couple of years, due to a drop in demand for Australian commodities, has seen a significant impact on our levy revenue. Levy growth rate has been in decline with projected levies growth of 3.3 per cent annual growth for the 2016/17 budget period compared to 4.9 per cent for the previous budget period.

To address this easing in revenue growth, AMSA has avoided any increase in levy rates by implementing a range of savings measures, although revenue constraints of this magnitude are not able to be entirely absorbed through expenditure reductions without impacting on delivery

<sup>14</sup> Will not come into force until 2019-20.

<sup>14</sup> Will not come into force until 2019-20.

<sup>15</sup> <http://www.amsa.gov.au/vessels/levies-fees-charges/>

of regulatory services. AMSA will also draw upon retained surpluses to help the overall budget position.

### **Rates of Charge**

The average hourly rate for services provided by an inspector or equivalent AMSA officer is \$272 per hour, calculated for each half hour or remaining part of a half hour or for a service that takes less than 30 minutes a fixed amount of \$136. The cost of staff in the Shipping registration Office will be unchanged at \$222 per hour. These proposed hourly cost rates are similar to, or lower than, the corresponding rates charged for similar services in the Government or private sectors, including the shipping industry.

The last change to the nature and level of fees and charges for marine services and ship registration occurred in 2015. Prior to then changes to charges for marine services and ship registration occurred in 2011.

The average rate of charge for DCV assessment services provided is \$185 per hour. These fees will be subject to annual indexation using the CPI rate published by the Australian Statistician

## **5. STAKEHOLDER ENGAGEMENT**

The main stakeholders in AMSA's maritime activities are ship operators, port operators, charterers, training organisations, seafarers and oil companies. AMSA provides industry stakeholders with regular updates on its charging regime. All fees and charges, including levy rates, are also publicly available on AMSA's website.

AMSA ensures transparency and accountability of its cost recovery arrangements through regular consultation with relevant stakeholders. Industry is consulted through the AMSA Advisory Committee and other standing consultative forums on the management and rates of AMSA's levies.

AMSA also publishes its Cost Recovery Implementation Statements on AMSA's website and reports the cost recovery revenue in its Annual Reports in accordance with the Finance Minister's Orders, as well as in the Portfolio Budget Statements (PBS).

### **Levies**

The last change to levies occurred on 1 July 2014 when the PSL was reduced by 3 cents per net registered tonnage in recognition that the shortfall in clean-up costs to meet the 2009 *Pacific Adventurer* oil spill incident had been recouped. The rates for the MNL and RFL have not changed since 2005.

In this CRIS, AMSA is not proposing any change to our current levies charges.

### **Fee for Service**

No changes are proposed in 2016-17 to the range of fees and charges applied under the Australian Maritime Safety Authority Act 1990.

New charges were introduced in 2016-17 for Surveyor accreditation, exemptions and equivalent means of compliance which relate to services required to monitor and maintain AMSA's Marine Surveyor Accreditation Scheme

## 6. FINANCIAL ESTIMATES

The table below outlines the financial results which AMSA is currently expecting to achieve for cost recovered activities.

	2016-17 (\$'000)	2017-18 (\$'000)	2018-19 (\$'000)	2019-20 (\$'000)
Expenses = X	117,909	121,342	121,964	123,712
Revenue = Y	125,208	132,120	135,175	136,287
Balance = Y – X	7,299	10,778	13,211	12,575
Cumulative balance	33,840	44,618	57,829	70,404
Less prior year 2015-16 cumulative balance	26,541	26,541	26,541	26,541
Adjusted cumulative balance	7,299	37,319	31,288	43,863

Prior year surpluses have been used to fund new capital infrastructure, creation of the pollution response reserve and pollution response clean-up costs/claims. The projected surplus of \$43.9 million generated over the period to 2019-20 will be primarily used to:

- fund capital investment in infrastructure projects covering operational assets, regional office development, Aids to Navigation and information technology;
- replenish pollution response equipment and stockpiles to support AMSA's commitment to the National Plan; and

## 7A. FINANCIAL PERFORMANCE

The table below outlines the historical performance of AMSA's cost recovered activities.

	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
Expenses = X	87,204	90,524	99,548	113,451	120,386	120,956
Revenue = Y	91,137	101,925	109,648	121,032	115,589	119,279
Balance = Y – X	3,933	11,401	10,100	7,581	-4,797	-1,677
Cumulative balance	3,933	15,334	25,434	33,015	28,218	26,541

The surpluses generated over the period were primarily required to fund the following:

- the upgrade of pollution response equipment and increased stockpiles sites in support of AMSA's commitment to the National Plan;
- the creation of a pollution response reserve to meet the immediate costs of responding to pollution incidents until claims are settled;
- capital funding for new infrastructure projects covering operational assets, new office fitout and information technology;
- establishing a provision for the removal of asbestos at various aids to navigation sites; and

- establishing a provision for the removal of lead paint at various aids to navigation sites.

## 7B. NON-FINANCIAL PERFORMANCE

Summarised performance targets for the activities for which AMSA cost recovers are detailed below. Detailed performance targets are contained in the AMSA Corporate Plan 2016-20<sup>16</sup>.

Performance targets for Marine Service activities generally reflect an extension of activities undertaken for the RFL and to some extent MNL. Performance targets are therefore incorporated into those used for these levies.

RFL	Inspection rates of risk assessed foreign-flagged ships under the Port State Control (PSC) program and the annual number of port and flag State control ship inspections meet targets set by the AMSA Corporate Plan. The targets have been met and have exceeded expectations.
	Improvement in the standard of foreign-flagged ships operating in Australian waters and a declining average of deficiencies per inspection.
MNL	Marine aids to navigation network availability compliance with the targets set out in the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) guidelines. Targets for the availability of the Marine Aids to Navigation network have been met or partially met to with 0.03% of target in all performance categories. (Circumstances where only partial achievement of targets occurred relate primarily to site outages.)
PSL	Marine environmental response capability (including emergency towage vessels and fixed-wing dispersal aircraft) 100% available to respond to a pollution incident during the reporting period.
	A reduction in the ratio of reports to AMSA under the <i>Protection of the Sea (Prevention of Pollution) from Ships Act 1983</i> of serious pollution incidents compared to the total number of ship port visits to Australia.
	Regulatory measures introduced internationally or domestically are given effect within specified timeframes.

AMSA has consistently achieved the majority of its performance targets. AMSA measures and tracks performance in the Portfolio Budget Statements<sup>17</sup> (PBS) and the Annual Report<sup>18</sup>.

In response to the *Public Governance, Performance and Accountability Act 2013* and Regulator Performance Framework (RPF), in 2014-15 AMSA undertook a significant review and update of performance measures. The updated measures are reflected in the AMSA 2016-20 Corporate Plan and PBS.

AMSA's Regulator Performance Framework measures are a subset of our Corporate Plan and PBS measures, identified in collaboration with the Department of Infrastructure and Regional Development (the Department).

The AMSA Advisory Committee, a representative body of Australia's maritime community, is AMSA's external review and validation body.

<sup>16</sup><http://www.amsa.gov.au/forms-and-publications/about-amsa/publications/Corporate-Plans/AMSA-Corporate-Plan-2016-20.pdf>

<sup>17</sup>[https://infrastructure.gov.au/department/statements/2016\\_2017/index.aspx](https://infrastructure.gov.au/department/statements/2016_2017/index.aspx)

<sup>18</sup> <http://www.amsa.gov.au/forms-and-publications/about-amsa/publications/Annual-Reports/2015-2016/AMSA-Annual-Report-2015-16.pdf>

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## 8. KEY DATES AND EVENTS

Date	Event
September 2015	Ministerial approval of the 2015-16 CRIS
September 2015	Implementation and publication of the final version of the 2015-16 CRIS

## 9. CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
15/09/2016	Agreement to the CRIS	Minister for Infrastructure and Regional Development	Initial release
23/09/2016	Publication of the CRIS	Chief Executive Officer	Initial release
29/06/2017	Update of financial results	Chief Executive Officer	Update of financial results. Incorporate CRIS covering Domestic Commercial Vessel Safety Accreditation, Exemptions and Equivalent means of Compliance.